City West Water™

2018-2023
CUSTOMER OUTCOMES PROPOSAL

Contents

Aboriginal Acknowledgement

City West Water respectfully acknowledges the Traditional Owners of the lands and waters upon which we work and operate. We pay our deepest respects to the traditional custodians past, present and future. We acknowledge the continued cultural, social and spiritual connections that Aboriginal people have with the lands and waters, and recognise and value that the Traditional Owner groups have cared for and protected them for thousands of generations. We will further develop our partnership with the Traditional Owner groups to ensure their contributions to the future of the water management landscape and to maintain their cultural and spiritual connection.

Our five year customer outcomes proposal

Our vision is to be an exceptional service provider that puts customers first and benefits the community.

We exist because people and places need water and sewerage services, and we are committed to delivering these services efficiently and at an affordable price.

Customer value is at the heart of all we do, and over the past year we've heard from more than 2,200 customers on what they value and expect from the services we deliver to households, businesses and the community.

This document outlines the services and service standards we propose to deliver to customers from 1 July 2018 to 30 June 2023 in response to customers' views and what customers value.

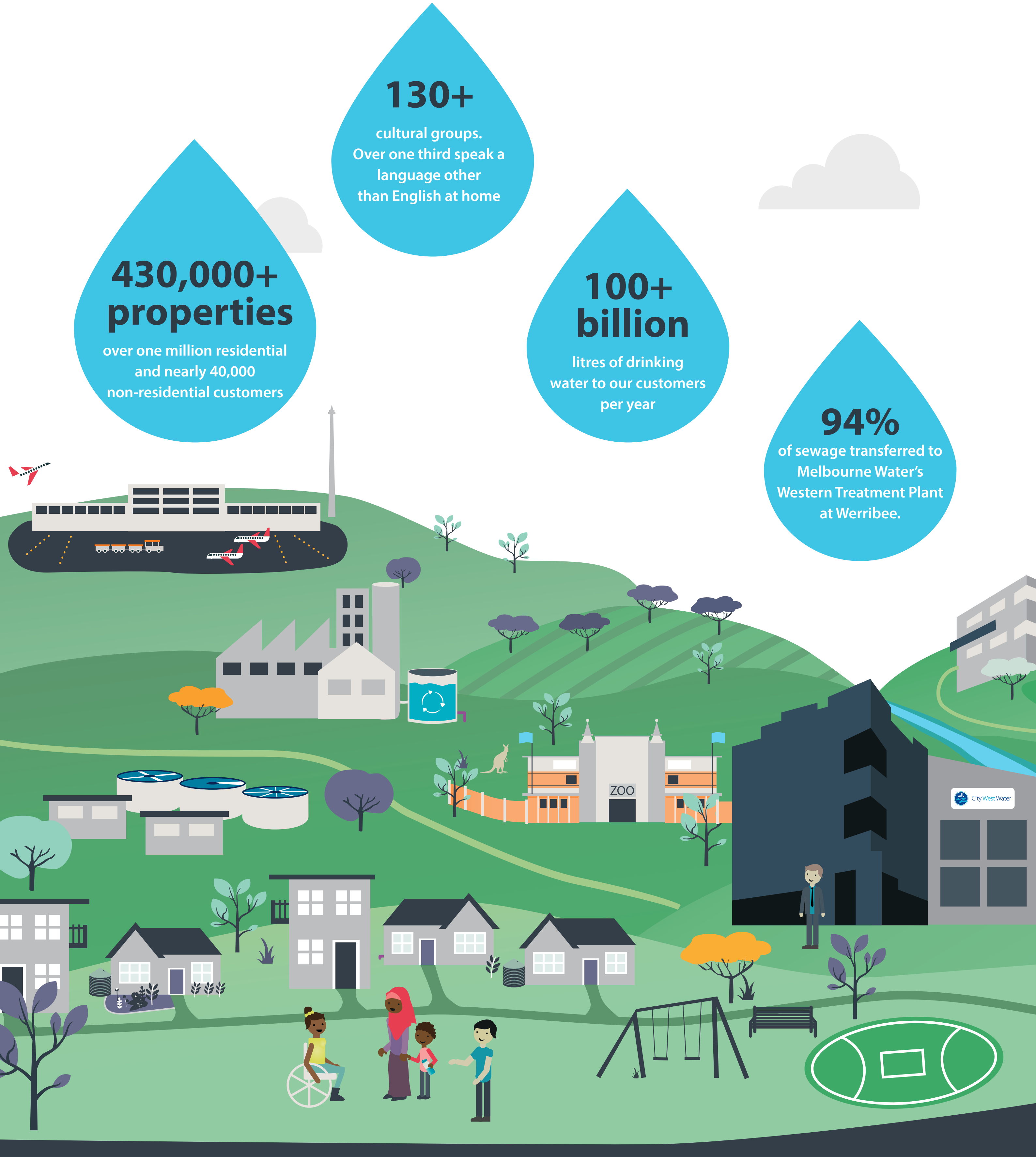
This is an important opportunity for us to make sure we've captured what our customers have said in full and for you to provide feedback on what we're proposing to deliver.

Your feedback is an important contribution to our deliberations as we finalise our 2018 Price Submission for consideration by the Essential Services Commission (ESC).

We will submit our 2018 Price Submission to the ESC on 29 September 2017, who will determine our service standards and the retail prices we can charge customers for services for the next five years, taking effect from 1 July 2018.

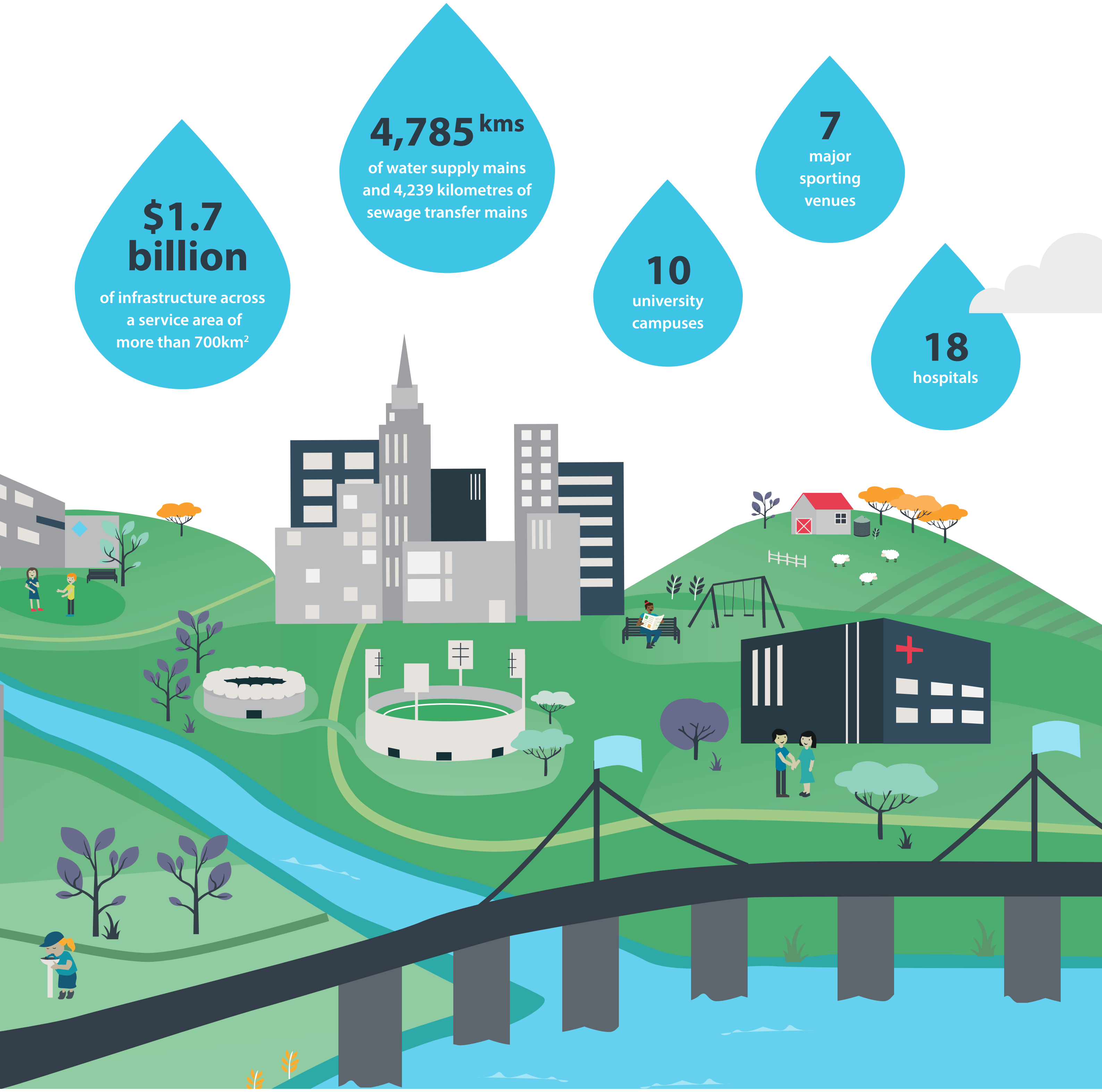
The Essential Services Commission regulates the prices and standards of water and sewerage services in Victoria, with the main objective of promoting the long-term interests of Victorian consumers. Visit **esc.vic.gov.au** for more information.

What we do and who we serve



We are one of three Victorian Government owned retail water businesses in metropolitan Melbourne.

We provide drinking water, sewerage, trade waste and recycled water services to customers in Melbourne's central business district, inner and western suburbs. This includes Brimbank, Hobsons Bay, Maribyrnong, Melbourne (north of the Yarra River), Moonee Valley, Wyndham, Yarra and parts of Melton and Hume.



Conversations with customers

Understanding what matters most to our customers, and what you want and expect from us, is an ongoing journey, one we are dedicated to taking with you.

Over the past year we have been talking to customers to understand what's most important about the services we deliver and what we can do better to meet customers' expectations.

Mid 2016

- Start review of services and prices.
- Understand customer views from ongoing research programs.

Nov 2016

- Co-creation workshop with customers to identify which service aspects to focus on to provide the best possible outcomes to customers.
- Convene Customer Committee to provide consistent customer voice throughout engagement process.
- Commenced in-depth exploration into what customers value about the services we deliver and what standards of service they expect.

Apr 2017

- Test different values and standards of service with broader customers, based on what we heard.

May—June 2017

- Understand customers' views on different ways we could charge for services.
- Develop proposed service outcomes and standards of service incorporating customer and stakeholder feedback.

Aug 2017

- Customers and stakeholders have the opportunity to provide feedback on what City West Water proposes to deliver over the next five years.

Aug—Sept 2017

- Finalise price submission, incorporating customer and stakeholder feedback.

29 Sept 2017

- Submit pricing submission to the independent regulator – the Essential Services Commission – who will determine the prices City West Water will charge for services from 1 July 2018.

1 July 2018

- New service levels and prices take effect.

What we asked...

We asked customers about their experiences with our services and their views and preferences for how we approach:

Engagement

2,200+

Residential and non-residential customers engaged

Co-creation workshop with **8** customers

10 residential focus groups, including **2** with culturally and linguistically diverse communities

300+ conversations at shopping centre and community festival pop-ups

856 Your Say website visits

42 quick poll responses

38 ideas shared

1009 online Customer Value and **695** Price Structure surveys

Price structure forum with **42** customers

2 business workshops with **30** customers in total

4 meetings with the Customer Committee

Interviews

- **16** businesses • **6** councils
- **6** community groups
- **6** vulnerable customer advocacy groups
- **8** industry advocacy organisations

What we heard...

Expect safe, clean drinking water and are generally satisfied with the performance of our networks.

Want to keep bills affordable .

Want options when contacting us, and value quality customer service and prompt resolution of enquiries and complaints.

Expect bills to be accurate and timely, and want to receive and pay bills in ways that are convenient to them.

View our partnerships as our way to contribute to improving the liveability of the west.

Want us to take action on climate change and support us achieving net zero greenhouse gas emissions by 2030.

Believe that safe disposal of sewage and trade waste was of fundamental importance to a healthy environment.

Generally support providing assistance to customers experiencing hardship, so long as it is helping those in genuine need.

Accept and support City West Water's important role in helping to guarantee a supply of water for the future.

Consider water to be a precious resource and are interested in being able to monitor their water usage and to learn about ways to save water.

We spoke to

Owners and renters

Small and large businesses, from restaurant operators to large industrial factories

People from different cultural backgrounds

People of different ages

Local government and development stakeholders

People and organisations representing vulnerable customers

Different sized households

Delivering the services our customers value

We want to ensure we're delivering the services our customers value and that we are meeting expectations, now and into the future.

As part of our commitment to be an exceptional service provider that puts customers first, we are driven to:

- Deliver exceptional services that are affordable, safe and reliable.
- Be accessible and easy to deal with.
- Make all decisions in our customers' best interests and with future generations in mind.

Through our engagement process we asked customers what was most important about the services we deliver, and have captured customers' views under seven key outcome areas:

1. Services to my home and business are safe, reliable and efficiently delivered
2. Bills are affordable and charges for services are fair
3. Customer service is accessible and my enquiries are resolved promptly
4. Billing and payment options are efficient and convenient
5. Customers in hardship are supported
6. The whole of the water cycle is managed in an environmentally sustainable way
7. City West Water is a valued partner in servicing a growing Melbourne

Outcome 1 Services to my home and business are safe, reliable and efficiently delivered

We aim to provide safe and reliable water and sewerage services, and to fix faults quickly and efficiently, while minimising impacts to customers.

Customers expect safe, clean drinking water and are generally satisfied with the performance of our networks.

WHAT DOES SERVICE RELIABILITY MEAN TO CUSTOMERS?	• Customers take it as a given that high quality water will come out of the tap and sewage will be removed from their property. • As soon as a customer experiences a loss of water or low water pressure, they consider it a disruption. • Planned service interruptions should occur at times that cause least inconvenience for affected customers.

WHAT ARE ACCEPTABLE LEVELS OF DISRUPTION, SPEED AND PRIORITY OF RESPONSE?	• Customers accepted current average service restoration timeframes (water 2 hours 40 minutes and sewer 2 hours 10 minutes) and emphasised that extended service disruptions are a source of great frustration.
	• Customers felt that no-one should experience more than:
	  - 3 (residential) or 4 (non-residential) water service interruptions in year (the current level of service is no more than 4)
	  - 3 sewer blockages in a year (the current level of service is no more than 2)
	• Customers expected priority of response to faults for critical/ high profile customer sites like hospitals and the central business district.
	• Customers preferred City West Water take a proactive approach to managing the network.

WHAT ARE CUSTOMERS' VIEWS ON GUARANTEED SERVICE LEVELS (GSL) AND REBATES MADE UNDER THE GSL SCHEME WHEN A GSL ISN'T MET?	**Residential customers** • Customers had limited awareness of the Guaranteed Service Level (GSL) scheme and were pleased to know City West Water held itself to account for service reliability. • Customers felt a rebate was appropriate to recognise inconvenience caused by repeat interruptions but felt that some of the GSL levels were too easily met by City West Water. **Non-residential customers** • Customers did not find universal GSLs relevant, as no two businesses are alike and service interruptions impact businesses differently. • Some customers indicated a desire for individually negotiated guaranteed service levels.
2016-17 CUSTOMER SATISFACTION SURVEY	When we asked our customers about their satisfaction with different aspects of our service, they demonstrated: • 92% satisfaction with water quality • 96% satisfaction with water supply reliability • 94% satisfaction with sewerage services

In response to what we've heard, we can:

- continue to provide safe, clean drinking water by maintaining our operational practices and working closely with our wholesale provider, Melbourne Water
- continue preventative maintenance and network renewal programs to maintain the service reliability that customers expect
- continue to prioritise planned and responsive works for water critical sites like hospitals and the CBD
- review the Guaranteed Service Level scheme (GSL), including GSL events, levels and rebates, to reflect customers' expectations of reliability
- maintain the current accepted response and service restoration time targets
- provide notifications and live updates on planned and unplanned works via our website and/or SMS, and social media.

How our performance can be measured:

- Number of customers experiencing recurring unplanned:
  - water service interruptions in a year
  - sewerage service interruptions in a year.
- How quickly we:
  - restore unplanned water supply interruptions
  - restore planned water supply interruptions
  - restore sewerage service interruptions
  - contain sewage spills.
- Customer satisfaction score on water quality, and water and sewerage services via Customer Satisfaction Surveys.
- Compliance with drinking water quality standards.
- Number of drinking water quality complaints.
- Minimum flow rates guarantee (litres per minute).

We are driven to provide customers with world class water and sewerage services, and want to hold ourselves to account when our service falls below customers' expectations.

Our Guaranteed Service Level (GSL) Scheme sets out the service levels we guarantee to customers and how much we will pay if we don't meet these.

In recognition of the value customers place on the services we deliver, we will review our GSL events and rebate levels to better align with customers' expectations of us. The GSL scheme will continue to apply to affected residential customers.

Outcome 2 Bills are affordable and charges for services are fair

We aim to keep our bills affordable, with prices that fairly reflect the costs of providing services to each customer.

It's clear that the cost of living and doing business is front of mind, and that customers are seeking more value for the money they pay for services.

WHAT DO CUSTOMERS THINK ABOUT THE CURRENT TARIFF STRUCTURE AND WHAT ALTERNATIVE TARIFF STRUCTURES MIGHT BE PREFERRED?

RESIDENTIAL CUSTOMERS

- Customers indicated they have a modest understanding of how City West Water charges for services. However, the service (or fixed) component of a bill – that pays for some of the costs of the water and sewer services - was not well understood.

Balance of usage and service charges
- Customers felt they had limited ability to influence their bills given the portion of the bill that is fixed and initially expressed a preference for more usage-based charges.
- However, after gaining an understanding of how this may impact other customers and their bills personally, the majority preferred to maintain the current balance of usage and service charges.

Three tier water tariff
- About a third of customers felt the three tier water tariff structure was fair with almost half our customers being neutral to this tariff structure. Large water users and customers with low capacity to pay were less likely to think the three tiers structure was fair.
- Some customers recognised this could disadvantage large families, however others felt the tiers were appropriate as customers with wasteful behaviours should pay more – to be truly equitable, they believed the three step tariff should account for the size of a household.
- Consumer advocacy groups supported a move away from the three tier water tariff as it is considered to disadvantage large families.

Sewage Disposal Charge
- As with previous survey findings on the residential sewage disposal charge customers are generally evenly split on the option of moving to a fixed charge for sewerage services.

NON-RESIDENTIAL CUSTOMERS

Balance of usage and service charges
- Customers assumed the current balance of fixed and variable charges were cost reflective, so the current structure was perceived to be fair.
- Customers expressed a preference for fixed charges to make up a higher proportion of non-residential bills as fixed charges were viewed to provide more certainty and facilitates improved budgeting.

Trade waste tariffs
- The majority of customers felt trade waste tariffs were appropriate and cost reflective.
- Large trade waste customers expressed significant interest in moving towards more 'real-time' monitoring of pollutants to enable assessment of operational changes on trade waste and ultimately their bill.

Meter based charging
- Customers expressed mixed views on moving to meter-based charging (higher fixed charges for bigger connections). Only 21% of non-residential customers felt that a single fixed fee was fair. However, in considering a move towards a sliding scale of fixed fees, customers were concerned about how any change would affect individual businesses. On balance, half of customers preferred a move to a sliding scale of meter-based charges.

Private fire services
- There were mixed views on fees for private fire services, some were opposed and others were more accepting particularly after understanding other water retailers had this in place.

In response to what we've heard, we can:

- continue to provide customers with information on where their money goes
- simplify the tariff structure, potentially by:
  - transitioning to fixed sewerage services charges for residential customers
  - moving to a single unit rate for water for all customers
  - introducing a sliding scale of fixed fees tied to customers' meter size
- re-introduce fees for private fire services connected to the network, consistent with the approach taken by our peers
- investigate moving to more 'real-time' trade waste sampling parameters.

Outcome 3 Customer service is accessible and my enquiries are resolved promptly

We strive to provide exceptional customer service and are driven to be accessible and easy to deal with.

Customers want options when contacting us, and value quality customer service and prompt resolution of enquiries and complaints.

HOW DO CUSTOMERS WANT TO CONTACT US? **HOW COULD WE IMPROVE CUSTOMER SERVICE?**	• Customers wanted more convenient access to our people through extended customer call centre hours and face-to-face opportunities - particularly customers from culturally and linguistically diverse (CALD) backgrounds. • Customers emphasised a preference for quality of customer service and first call resolution over how quickly the phone was answered. • Customers wanted more digital options, for example web chat and opportunities for online self-service. • Large business and trade waste customers valued having a dedicated City West Water representative to contact and wanted this to continue. • Small and medium businesses felt customer service could be improved, for example with a dedicated business line or dedicated business customer service team with issue resolution officers.
WHAT RESPONSE TIMES DO CUSTOMERS EXPECT?	• Customers wanted faster responses to emails. • Customers are less concerned about call wait times on the phone.
WHAT DO CUSTOMERS WANT TO KNOW ABOUT THEIR WATER AND SEWERAGE SERVICES?	• Customers wanted more timely notifications about service interruptions (planned and unplanned) and unusual changes in water usage (leak identification). • Customers were interested in better understanding their water usage, including identifying leaks, through access to real time information about their water usage.
2016-17 CUSTOMER SATISFACTION SURVEY	• City West Water's overall Customer Satisfaction score for 2016-17 was 89.6% (average residential and non-residential). This was primarily driven by satisfaction with customer service, including how we respond to enquiries and complaints, clarity of communication and the courtesy, attitude and approach of our employees.

In response to what we've heard, we can:

- make contacting our customer call centre more convenient by:
  - extending its opening hours
  - providing a call back service
  - offering live web chat
  - continuing to strive to resolve enquiries on the first call whenever possible
- provide a front desk service for face-to-face enquiries
- respond to emails faster
- provide online services so customers can perform a range of transactions themselves, at times that suit them
- implement a non-residential account contact line and team that specialise in servicing these customers
- develop a separate customer charter for business customers that focusses on issues that matter most to them
- investigate the potential for digital metering so customers can access near real-time information about their water usage, including faster identification of customer-side leaks
- provide notifications and live updates on planned and unplanned works via our website and/or SMS, and social media.

How our performance can be measured:

- Customer satisfaction with response to:
  - enquiries
  - complaints.
- Percentage of calls resolved on first contact.
- How quickly we:
  - respond to emails
  - answer calls to our Customer Contact Centre.
- Number of complaints to the Environmental and Water Ombudsman of Victoria.

Outcome 4 Billing and payment options are efficient and convenient

We aim to provide billing options that meet our customers' needs.

Customers expect bills to be accurate and timely, and want to receive and pay bills in ways that are convenient to them.

WHAT ARE CUSTOMERS' PREFERRED BILL DELIVERY AND PAYMENT METHODS?
 	
HOW OFTEN DO CUSTOMERS WANT TO RECEIVE THEIR BILL?
	• Customers value an accurate and timely bill. Billing adjustments caused by estimated reads were a source of frustration for those that had experienced them.
	• Customers wanted choice in how they receive their bill (paper or email) and don't want to be penalised financially for opting to continue to receive a paper bill.
	• Customers wanted to access account information online, and were interested in an online portal/app with functionality to pay current bills and view previous bills.
	• Customers were interested in:
	  - bill smoothing and monthly billing to improve bill certainty and assist with budgeting
	  - discounts for pay-on-time and e-billing.
	• Non-residential customers expressed significant interest in being able to consolidate bills from multiple properties and accounts, including trade waste accounts.
	• Trade waste customers desired better alignment of trade waste sampling and billing timeframes to avoid billing adjustments.

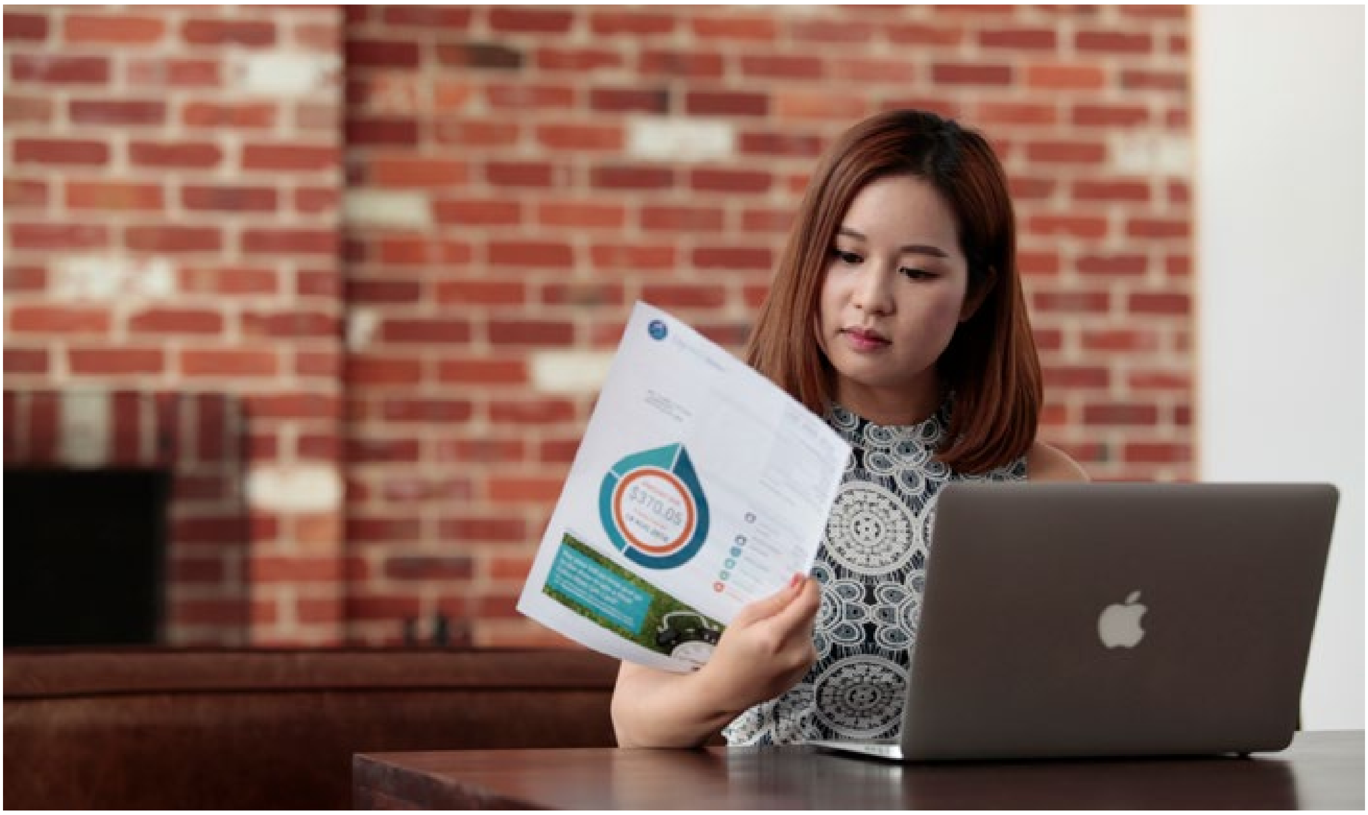
WHAT IS CUSTOMERS' UNDERSTANDING ABOUT OTHER AUTHORITIES' CHARGES ON THEIR BILL?	• Customers expressed confusion about Parks Victoria's 'Parks Charge' and Melbourne Water's 'Waterways and Drainage Charge'. • There is a general perception that these are City West Water charges and limited knowledge of what activities are funded by the money collected. • Customers were unaware of City West Water's role as a billing agent for these authorities.
2016-17 CUSTOMER SATISFACTION SURVEY	• While customer satisfaction with City West Water's services is generally high, of the customers that were not satisfied with our service, 'problems with water bills' was a major cause of dissatisfaction.

In response to what we've heard, we can:

- continue to offer to install remote reading devices for inaccessible meters to reduce the number of estimated meter reads
- continue to work with our meter reading contractor to drive down the number of estimated reads
- work with our partners to provide more information on the services funded by other authorities' charges, where City West Water is the billing agent
- support Parks Victoria as it considers changing the Parks Charge to a quarterly charge instead of an annual charge
- provide online services so customers can perform a range of transactions, at times that suit them
- investigate options for consolidating bills across multiple sites and accounts
- continue to simplify and streamline trade waste pricing and billing processes.

How our performance can be measured:

- Number of
  - billing issue complaints
  - estimated meter reads used for billing
  - registered online accounts.



Outcome 5 Customers in hardship are supported

We aim to support customers experiencing hardship and will do all we can to ensure they are aware of the support services available to them.

Customers generally support providing assistance to customers experiencing hardship, so long as it is helping those in genuine need.

WHAT FORM OF SUPPORT SHOULD BE PROVIDED TO CUSTOMERS EXPERIENCING FINANCIAL HARDSHIP?	• Residential customers wanted City West Water to maintain its hardship processes and to continue to provide referrals, payment plans and subsidised water efficiency assistance programs. • Non-residential customers, however, preferred a slight reduction in hardship support and felt the extension of hardship support to businesses was unnecessary. • Customers preferred that City West Water work with customers in hardship to find ways to manage their bills and to be more water efficient, rather than providing bill discounts. • Customer advocacy groups supported City West Water's existing activities and programs for vulnerable customers and customers in hardship. **Assistance with large bills due to leaks** • Residential customers supported full financial relief for customers with a large bill due to a leak (currently limited to partial financial relief to a maximum of $1,000) subject to the leak being confirmed and repaired by a plumber. • Non-residential customers preferred maintaining current levels of financial support.
2016-17 CUSTOMER SATISFACTION SURVEY	• Residential customers experiencing hardship had an overall Customer Satisfaction score of 85%, slightly less satisfaction (93% residential only) than those residential customers who weren't experiencing hardship.

In response to what we've heard, we can:

- maintain current hardship processes including referrals, payment plans and subsidised water efficiency assistance programs and improve how we communicate these
- charge customers who have experienced, and had a leak fixed by a plumber, the wholesale cost of water for the estimated volume of water lost due to the leak, providing substantial relief from bill shock
- incorporate into our practices the changes to the Essential Services Commission's Customer Service Code relating to the findings from the Royal Commission into Family Violence.

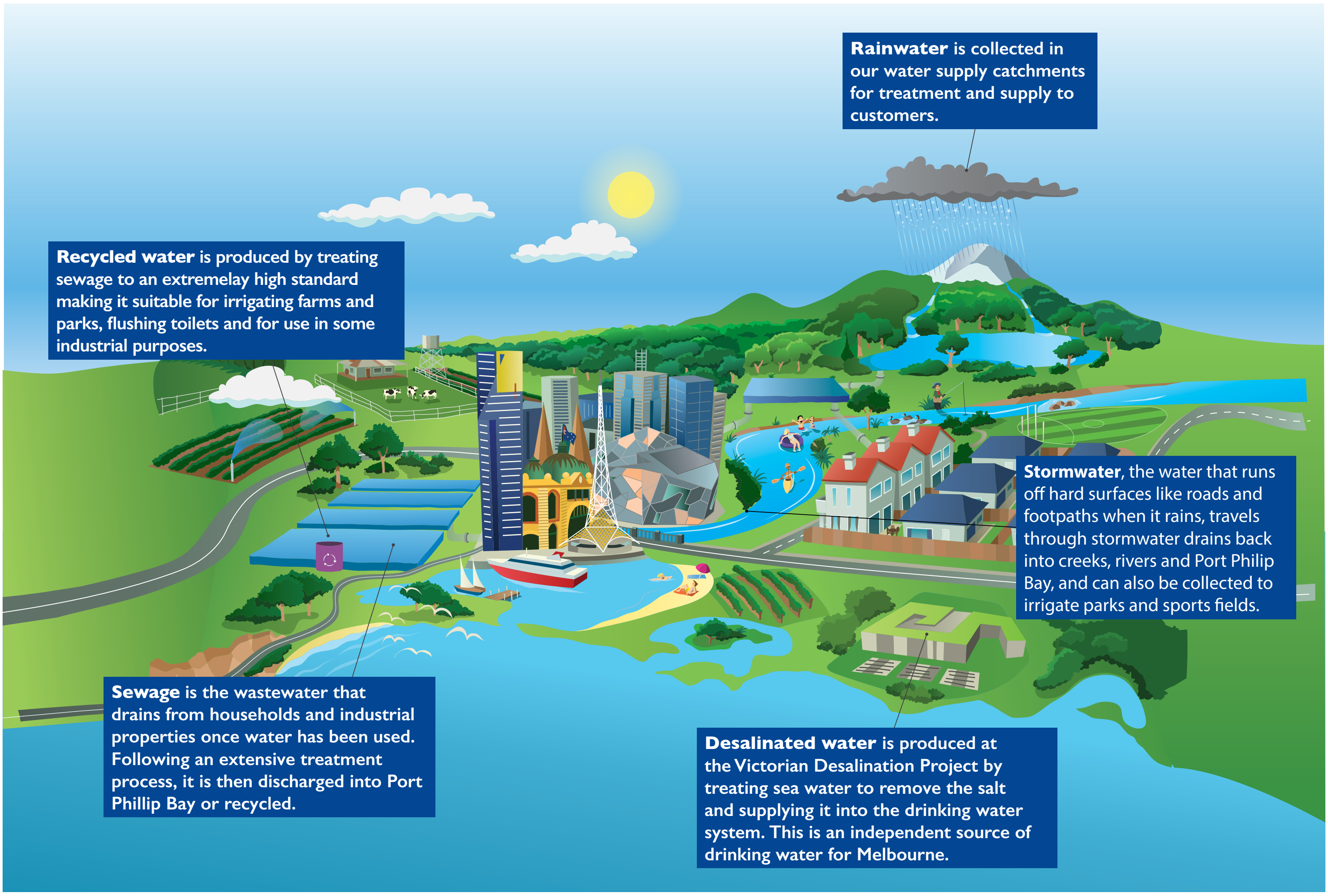
How our performance can be measured:

- Number of customers:
  - on installment plans
  - assessed for concession eligibility
  - receiving Hardship Grants
  - participated in subsidised water efficiency programs
  - participated in financial planning and support programs.

Outcome 6 The whole of the water cycle is managed in an environmentally sustainable way

We aim to manage our valuable water resources responsibly for current and future generations, and commit to:

- Carefully considering and mitigating the environmental impacts of providing water and sewerage services.
- Ensuring adequate water supplies are available now and into the future.
- Protecting the health of the community by ensuring sewage and trade waste is managed safely as treated effluent.
- Delivering the commitments in our Reconciliation Action Plan and incorporating Traditional Owners and Aboriginal values in our water cycle planning processes.



Future water resources:

Customers accept and support City West Water's important role in helping to guarantee water supply for the future.

WHAT IS CITY WEST WATER'S ROLE IN MANAGING WATER INTO THE FUTURE? **WHAT ARE THE PRIORITIES FOR MANAGING LONG TERM WATER SUPPLIES?** **HOW SHOULD DESALINATED WATER AND RECYCLED WATER ENTER THE MIX OF SOLUTIONS TO MANAGE LONG TERM WATER SUPPLY SECURITY?** **HOW AND WHEN SHOULD WE INVEST IN SECURING WATER FOR THE FUTURE?**	• Customers believed that recycled water should be provided at a discount as it is viewed as a lesser quality product, even though it is more costly to deliver than drinking water. • Customers wanted us to continue to provide recycled water to properties that are currently receive it, but were less supportive of extending the recycled water network to new housing or industrial developments. • When informed of the costs and benefits of augmenting local water supplies now, customers expressed a preference to wait for large scale centrally-planned augmentations. • Most customers were unsure about how the desalination plant is being used and could be used in the future, and who would be receiving desalinated water. • When asked about urban greening and keeping parks, gardens and sports fields green, customers indicated some preference for local stormwater solutions.

In response to what we've heard, we can:

- implement our Urban Water Strategy actions to best utilise all available water supplies, including the desalination plant and City West Water's recycled water facilities, to balance supply and demand for water
- continuously review our recycled water investment plans to determine what provides best customer value
- take actions to economically limit the amount of water lost from the network due to leakages
- continue to work closely with our wholesale provider, Melbourne Water, other metropolitan water retailers and the Victorian State Government, to understand and work to meet Melbourne's future water needs.

How our performance can be measured:

- Volume of water lost from the network.
- Water storage levels remain at or above 40 per cent as per the water outlook zones in our Urban Water Strategy.

Using water efficiently:

Customers consider water to be a precious resource, and are interested in being able to monitor their water usage and to learn about ways to save water.

WHAT IS CITY WEST WATER'S ROLE IN HELPING CUSTOMERS BECOME MORE WATER EFFICIENT?	• Customers remember the Millennium Drought and believe that being 'water wise' is still very important. • Customers supported extending water efficiency assistance programs (currently provided at no cost to customers in hardship) to all customers for a small fee (around $50). • Community advocacy groups indicated that renters have difficulties in participating in water efficiency programs due to the property owner's approval being required to undertake works. • Customers are very interested in learning about ways to save water, particularly among CALD communities, for environmental and financial reasons. • Councils strongly supported water saving initiatives that encourage and help customers to become water efficient. • Customers were interested in real time information, facilitated by new metering technologies, to manage and monitor water usage. • Non-residential customers felt it was important for City West Water to be a centre of expertise on water savings. • Non-residential customers were interested in better understanding how their water usage compares to that of similar businesses. • Some customers felt City West Water had taken too long to repair network leaks and this was a source of frustration when customers considered their own water saving efforts.

In response to what we've heard, we can:

- implement a user pays water efficiency assistance program available to all customers to help them find ways to save water, and provide participants with a rebate for participating
- continue to provide and support water efficiency programs for example the Toilet Replacement Program, Showerhead Exchange Program and Target 155
- deliver water efficiency programs and education to schools and the community
- continue to provide customers with education and advice on how to be water efficient in their homes and businesses
- provide a mechanism to compare water usage between similar businesses
- investigate technology options for digital metering so customers can understand their water usage better and quickly identify leaks.

How our performance can be measured:

- Number of customers participating in user pays water efficiency assistance programs.
- Number of education sessions with schools and community groups.
- Quarterly distribution of water efficiency education material.
- Number of schools participating in Schools Water Efficiency Program.

Safe treatment and disposal of sewage:

Customers believe that safe disposal of sewage and trade waste was of fundamental importance to a healthy environment.

HOW CAN WE BETTER MANAGE SEWAGE AND TRADE WASTE? **ARE THERE MORE TRADE WASTE SERVICES THAT CITY WEST WATER CAN PROVIDE?**	• Sewerage services weren't front of mind for residential customers. As long as the toilet flushed and water drained away from their property, they didn't think too much about it. • Non-residential customers, particularly trade waste customers indicated that managing their trade waste easily and efficiently was very important to their business. • Trade waste customers expressed limited interest in City West Water: - taking over responsibility for trade waste flow meters - operating a greasy waste pump-out program. • Some trade waste customers expressed interest in partnering with City West Water to collect and utilise trade waste by-products on their site.

In response to what we've heard, we can:

- continue to meet the Environment Protection Authority's discharge licence commitments for our treatment plants and sewer network performance
- explore innovative ways to utilise valuable resources from sewer and sewage treatment processes, continuing to move from a 'waste treatment and disposal' to a 'resource recovery' approach
- work with industrial customers to explore ways to extract value from waste that is not suitable for disposal through sewers.

How our performance can be measured:

- Number of sewage spills in dry weather.
- Compliance with the Environmental Protection Authority's discharge licence requirements.

Climate change:

Customers want us to take action on climate change and support us achieving net zero greenhouse gas emissions by 2030.

HOW QUICKLY SHOULD CITY WEST WATER TRANSITION TOWARDS NET ZERO GREENHOUSE GAS EMISSIONS?	• Customers understood City West Water's exposure to climate change but did not necessarily understand how City West Water contributed to greenhouse gas emissions. • Most customers accepted the need for City West Water to set greenhouse gas emissions targets, provided the targets do not lead to bill shock for customers. • Councils had their own carbon targets and were supportive of City West Water's target and were open to partnerships to achieve these. • Non-residential customers were concerned that greenhouse gas emission targets may lead to significant bill increases. • Given the different environmental and cost impacts of moving towards net zero greenhouse gas emissions, most customers supported City West Water achieving the target by 2030, although some larger business (trade waste) customers were supportive of an earlier (2020) timeframe.

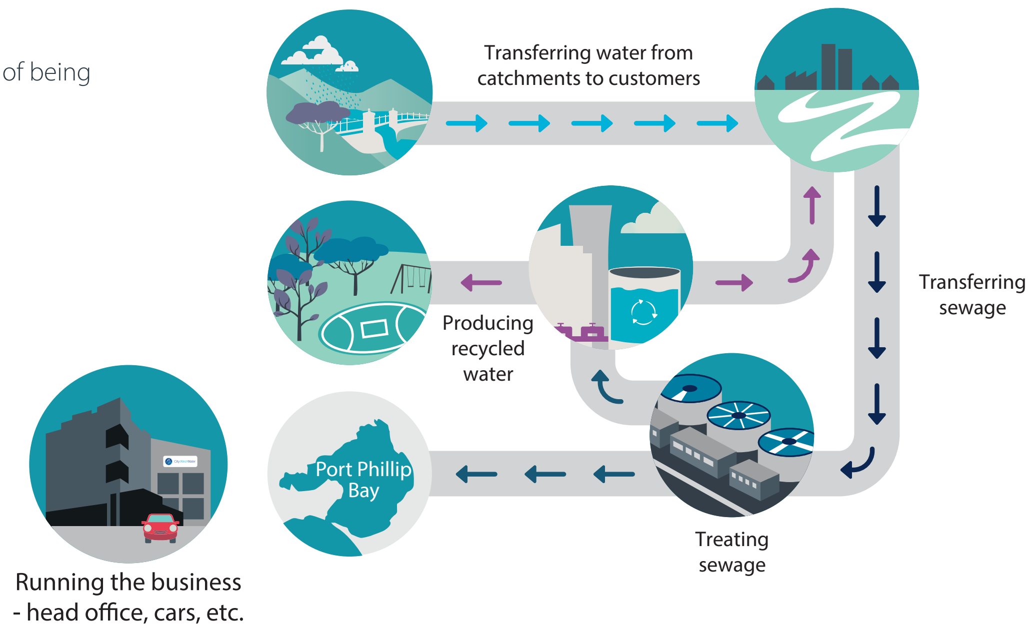
In response to what we've heard, we can:

- work towards progressively reducing our greenhouse gas emissions and a pathway to being carbon neutral by 2030
- explore opportunities to partner with councils and industry in achieving greenhouse gas savings.

How our performance can be measured:

- Progress towards our goal of being carbon neutral by 2030.

City West Water greenhouse gas emissions



Liveability – our role in urban greening:

Customers view our partnerships as our way to contribute to improving the liveability of the west and the wellbeing of our community.

WHAT IS CITY WEST WATER'S ROLE IN URBAN GREENING PROGRAMS – KEEPING PUBLIC PARKS, GARDENS AND SPORTS FIELDS GREEN – ON CUSTOMERS' BEHALF?	• Customers supported City West Water being an advocate for a greener west. • We should contribute to those aspects of improving liveability that relate most directly to our role as water managers – e.g. stormwater harvesting should be prioritised. • In particular, customers supported us funding local stormwater solutions to help keep public parks, gardens and sports fields green. • Councils were very interested in alternative water opportunities and valued City West Water's technical capability in alternative water project design.

In response to what we've heard, we can:

- develop partnerships with local governments, Melbourne Water and the private sector to extend/increase the number of our stormwater harvesting sites
- establish a stormwater fund to support local governments in delivering local stormwater schemes
- continue to advocate for a greener, more liveable west through leading programs such as Greening the West.

How our performance can be measured:

- Number of stormwater partnerships.

Outcome 7 City West Water is a valued partner in servicing a growing Melbourne

We aim to work collaboratively with stakeholders in the development community, to ensure water and sewerage services are delivered in a timely and efficient manner, to meet the needs of a growing Melbourne.

Customers said that City West Water's advice is trusted, and employees are responsive and easy to deal with.

HOW CAN WE BETTER WORK TOGETHER TO DELIVER PLUMBING AND DEVELOPMENT SERVICES TO A GROWING MELBOURNE?	• Councils expressed a strong desire to better understand our long term works program and to coordinate works to minimise disruption to communities. • Developers, plumbers and builders: - indicated that turn-around time for applications was critical and were willing to pay for a priority service - would like us to continue to address any inconsistencies between metropolitan water corporations' rules, standards and access to information - want us to provide online options for standard enquiries and applications, but have a strong desire for us to maintain access to expertise via phone and email. • Developers: - would like the opportunity to have input into our network servicing plans - expressed that standard consultancy reimbursements were insufficient to cover cost of works and a sliding scale was preferred. • Plumbers: - were interested in being able to contact City West Water before to standard business hours in order to set up on their job site for the day - were interested in staged payment options for water meters.

In response to what we've heard, we can:

- continue to consult on the timing of developments when preparing our network serving plans
- move more transactions online and automate them where possible, while continuing to provide access to City West Water expertise
- provide processing time commitments for key plumbing and land development services, working to reduce turnaround wherever possible
- continue to work, and improve relationships and communications, with councils to better serve our customers
- continue to lead the reconvened Plumbing Authority Regulatory Committee to facilitate continuous improvement and help foster a collaborative professional relationship between City West Water, South East Water, Yarra Valley Water, Australian Hydraulic Services Consultants Association, Master Plumbers & Mechanical Services Association Australia and Victorian Building Authority
- continue to work with South East Water and Yarra Valley Water to standardise grease trap and trade waste requirements, align metering guidelines and to adopt a consistent 'test prior' process
- work with South East Water, Yarra Valley Water and the development industry to review rate of consultancy reimbursements
- explore staged payment options for the provision of water meters
- implement priority service arrangements
- explore when connections and technical services representatives are available to receive calls and assess applications.

How our performance can be measured:

- Plumber and developer customer satisfaction score.
- Processing time for:
  - standard plumbing applications
  - provision of pressure and flow information
  - provision of asset information
  - standard new customer contribution
  - supply and assembly of standard 20mm new meter supply.

The population of City West Water's service area is expected to be more than 1.3 million by 2030.

Where to from here

Delivering high quality services efficiently and keeping bills affordable is our top priority.

Our costs and retail prices

We are currently working to determine our costs and retail water and sewerage prices for the next five years – 2018 to 2023, with an emphasis on making our services as affordable as possible.

When determining what it costs to deliver services to customers, we take a number of things into consideration:

- What customers want and expect from us, including levels of service
- What water and sewerage infrastructure we need to build, and when, to provide services to new areas
- Our regulatory requirements, including meeting drinking water standards, sewage discharge regulations and the security of customers' data

Details of our proposed costs and retail prices will be included in our price submission to the independent regulator - the Essential Services Commission – who will determine our service standards and the prices we can charge customers for services for the next five years, which will take effect from 1 July 2018.

Our 2018 Price Submission will be made publically available by the Commission to provide customers, the community and stakeholders, with the opportunity to provide final comments for the Commission's consideration before they make their final determination.

Thank you and your final thoughts

We would like to sincerely thank our customers for contributing their time to provide their views on the services we deliver to households, businesses and the community across Melbourne's CBD, inner city and the growing west.

Through this consultation paper, we've sought to capture what we've heard and are checking in to ensure we've got it right, and that what we can deliver meets customers' expectations.

We're really keen to hear any final thoughts you have, so we can make sure we have the right things at front of mind as we finalise our 2018 Price Submission.

Provide your thoughts

visit **yoursaycww.com.au** to join the conversation
email **yoursay@citywestwater.com.au**
write to us at:

City West Water
Attention: Communications and Community Relations
Locked Bag 350
Sunshine VIC 3020

Request a printed copy of the Customer Outcomes Proposal
email **yoursay@citywestwater.com.au**
call 131 691.

Hall & Partners
OPENMIND

City West Water 2018 Price Submission Customer Consultation

Outcomes of the qualitative deep dive

Prepared for City West Water Corporation
February 2017

Contents

Hall & Partners | OPEN MIND

Report Overview

Framing the Customer Consultations

Hall & Partners | Open Mind has been commissioned by City West Water (CWW) to undertake an extensive Customer and Stakeholder Engagement Program to inform the development of its 2018 Price Submission. This multi-method program comprises six phases, each of which includes a number of key elements and is underpinned by extensive consultation, involvement and collaboration with CWW customers and stakeholders.

We commenced this specific phase of the engagement program with a co-creation workshop which included CWW staff and customer representation. The objective was to understand and articulate how customers benefit from CWW's current activities, the value placed on these activities, improvements that could be made and challenges moving forward. We also identified new ideas which may benefit customers in the future. The ideas generated in the co-creation workshop were used as a basis for the next element of this phase of engagement – the qualitative deep dive.

Six critical areas, reflecting the topics explored through the co-creation workshop, were used to frame our qualitative discussions. These were:

- Tariff Structure
- Delivery of Network Services
- Customer Service
- Managing Water into the Future
- Climate Change and Climate Resilience
- Community – covering Liveability, Community Education and Hardship

The approach included consultations with:

- residents (10 group discussions)
- businesses (16 interviews)
- community organisations (6 interviews)
- councils (6 interviews)

The observations and conclusions drawn in this report are reflective of outcomes from conversations with the specific sample. It should be noted that whilst they provide robust insight in framing what comes next, they are not intended to be a precise and definitive index of the CWW customer base in its entirety.

This report presents the key findings of the qualitative deep dive. It includes an analysis of outcomes and brings together key observations and insights. Specifically, it outlines:

- the views of customers and stakeholders and what was considered important
- what customers or stakeholders wanted more or less of with initial indications of preparedness to pay for the things that matter most

Considerations underpinning this phase of engagement & analysis of outcomes

This phase of customer engagement was designed to provide a good initial read on customer and stakeholder views, in order to make recommendations regarding the best way forward for subsequent phases of the project and in particular for the next phase of customer and stakeholder engagement – the SIMALTO trade-off survey.

It is important to note upfront there were some consistent themes and views emerging from our discussions and we have sought to combine responses where relevant. Notwithstanding this, as customer segments receive different services from CWW, most conclusions drawn are discussed separately. Given this, outcomes are reported in terms of collective insights based on the specific customer or stakeholder segment and consideration of what is required moving forward for each of these.

To better reflect the logic flow of discussions and subsequent analysis which informed conclusions drawn, the six topic areas explored through consultations have been reported under seven key sections:

1. Tariff Structure
2. Delivery of Network Services
3. Customer Service (including billing and hardship)
4. Managing Water into the Future
5. Carbon Emissions Targets
6. Liveability
7. Community Education

Each section of this report contains a summary of key findings and an overview of the topic area, before detailing the views of each customer segment. These are respectively reported on, in order of: residential, business, community organisations and councils.

This is followed by a discussion of what the findings mean for CWW alongside recommendations with respect to elements to be taken through to the SIMALTO trade-off survey. It should be noted there is occasional overlap in these sections, particularly between Managing Water into the Future, Carbon Emissions Targets and Liveability.

Overall, preparedness to pay for particular initiatives or programs was influenced by customer perspectives in relation to their understanding of the role and responsibilities of CWW. The customer sample viewed and therefore clustered the seven topic areas in two distinct ways:

1. The sole remit of CWW:
   Tariff Structure, Delivery of Network Services, Customer Service and Managing Water into the Future

2. The remit of other organisations, or at least an overlap of responsibility:
   Community Education, Liveability, Carbon Emissions Targets and Hardship.

The Bigger Picture: Setting the Context

CWW wants to drive transformation across the organisation to *"be an exceptional service provider that puts customers first and benefits the community".* To this end, the focus of this Customer and Stakeholder Engagement Program is to understand any gaps between what customers expect from CWW and what the organisation can actually do now and will be able to deliver in future and ultimately, how to respond to and address these.

The process of enquiry has opened up a genuine and useful dialogue with customers to enhance and add to existing CWW customer insights. In essence, customers want the *"right product"* at *"the right price".* In practical terms, this means the provision of safe, clean, affordable, constant fresh water for the entire community alongside reliable services: recycled water, sewerage and trade waste treatment.

Key to CWW being able to place customers first is understanding how to benefit them based on their needs, wants and values. This phase of the customer engagement program gave a rich understanding of the three principal factors which are most important from a strategic standpoint.

It is critical for CWW, in developing its ongoing Customer and Stakeholder Engagement Strategy, to understand and effectively respond to these fundamental customer drivers.

Specifically this means:

1. **Informed Customers**

   This relates to the breadth of two-way communication regarding the whole program of network services and all that CWW does, from how to access services through to how customers give feedback. In essence this is all about communication – from the opportunity for customer self-education to broader community engagement and support for customer knowledge about services, use of the water system and billing.

2. **Supported Customers**

   This is essentially about two aspects of influence and impact in customer service: the personal and the community level. It traverses everything from the call centre to functional maintenance of the system. CWW has to understand its customers' needs so that it can deliver services in innovative ways and do this across all aspects of the business to the maximum extent possible.

3. **Empowered Customers**

While customers cannot have control over every aspect of their dealings with CWW (in that they cannot control who their water retailer is or the type of water or sewerage services they receive), they can influence some service aspects such as billing (format, frequency), customer service (channels, service levels) and investment in certain initiatives at a community level (e.g. community education, liveability, and service standards). Having access to balanced, objective information so customers can decide what they want and need from CWW when it comes to customer outcomes, service offerings, standards of service and prices, enables and give substance to the notion of the well informed customer. In this context, customers need to be conversant with CWW services and the implications of different options available to them. Being much better informed about the work of CWW in turn allows customers to feel 'empowered' in relation to things they can influence and make choices or recommendations back to CWW.

In the main, **customers want to be well-informed about network services, use this knowledge to make the choices which are right for them, and most of all, feel they have some control and influence over the service CWW provides to them**.

Project Background

Water retailers are under increasing pressure, particularly through the Essential Services Commission's (ESC) PREMO Framework: an assessment tool which provides a set of guiding questions and examples of what might constitute a "leading", "ambitious", "standard" or "basic" price submission, to build enhanced customer relationships.

This is a mechanism for the regulator to encourage water utilities to be well run but moreover to go above and beyond. Specifically, this refers to the fact that the ESC isn't prescribing how water retailers should engage with customers but how they will use the set of five principles: performance, risk, engagement, management and outcomes to assess the quality of consultation underpinning a Price Submission.

CWW is genuine about achieving true customer engagement that will sustain its relevance well into the future. It clearly craves a loyal and long-lasting relationships with its customers. In its 2018 Price Submission, to be submitted in September 2017, CWW will propose the customer outcomes, service offerings, standards of service and prices it will charge customers for services including water, sewerage, recycled water and trade waste services.

To this end, Hall & Partners | Open Mind was commissioned to undertake a comprehensive project of enquiry with the purpose of informing and shaping an all-inclusive Customer and Stakeholder Engagement Program. The diagram below presents an overview of our multi-stage research design. It represents a meaningful and genuine consultation process, incorporating strategic planning, qualitative and quantitative research with diverse audiences and a process for driving genuine community engagement to inform the Pricing Submission.

PHASE 1: INITIATE	PHASE 2: PLAN	PHASE 3: DRAFT	PHASE 4: TEST	PHASE 5: RE-TEST	PHASE 6: CLOSE THE LOOP
Kick-off meeting	Data mining Co-creation workshop Qualitative engagement program	Presentation workshop Drafting of SIMALTO survey	SIMALTO trade-off survey Key Area Deep Dive	Qualitative and quantitative confirmatory research	Framing the Way Forward workshop Customer Engagement Forums

This report details the conclusions and insights from the qualitative deep dive discussions, which is now complete. Topline outcomes and key strategic insights were presented in a workshop on 19th December 2016.

Customer Consultations: Objectives

The overarching aim of the project is to identify what matters to CWW customers in relation to service outcomes and prices and how the organisation can best align itself with these. Importantly, this phase of customer engagement provided the opportunity to build a list of service elements and activities that could be tested quantitatively and confirmation of how to express these in language that customers can easily relate to and understand.

The key intentions of this element were to:

- gauge awareness and understanding of CWW's role and services
- identify what matters to customers and the local community in relation to CWW service outcomes and prices
- understand how CWW can align itself to better service delivery and address the needs of its customers and the local community
- explore the challenges faced by customers and consider how CWW may be able to help address these
- build on lists of customer and community benefits developed in the co-creation workshop: to gauge customer understanding, value placed on these and how to phrase these in customer language for the SIMALTO trade-off survey

Who we consulted

This report is based on key consultations and subsequent discussions with the following customer segments:

- 10 x group discussions with residential customers
- 16 x interviews with business customers
- 6 x interviews with community organisations
- 6 x interviews with councils
- Discussions with the Customer Committee

The full sample framework can be found in Appendix 1.

Setting the Context

This section sets the context for this report, providing an overview of each customer segment. Here we discuss their similarities, differences and particular issues of note.

Residential customers

Overall, the residential sample was very engaged in the discussions. Prior to participating in the consultations, most had a limited understanding of the scope of CWW's work and what they are actually paying for. Post discussions many commented that they felt *"more knowledgeable"*. There were a number of similarities within the residential sample, particularly when it came to their views on Delivery of Network Services, Customer Service, Managing Water into the Future and Tariff Structure.

These included:

- general level of satisfaction with network performance, with very few experiences of disruption
- lack of awareness of Service Standards, Guaranteed Service Levels and rebates, but satisfaction in discovering CWW holds itself accountable in this way
- general level of satisfaction with the customer service offering (noting that this had not been widely used by the sample)
- interest in learning more about ways to monitor and manage consumption – and where possible, to reduce bills.

There were also some clear differences including:

- **Between renters and owners** in terms of their understanding of and attitudes towards CWW, based on their current billing structure. For example, owners were more likely to appreciate that CWW has infrastructure which requires maintenance (due to their service charge) but were also more likely to be confused by the Parks Charge, or frustrated by their perceived inability to influence bills significantly by adjusting usage or installing a rainwater tank.

- **In preparedness to pay to assist those in the community who were struggling financially.** Some were very open to the idea; others were open in principle but wanted to be sure any financial assistance would go to those who are genuinely in need; others felt this should not be a priority as people who are struggling have other means of assistance. This difference in attitude was similarly noted in preparedness to pay for community programs. There was no clear difference in the demographics of those prepared to pay or not; rather, this appeared to depend on one's community-mindedness and interest in keeping one's own bill down at all costs.

- **In enthusiasm for digital methods** especially for younger customers in the sample who were most interested in initiatives such as an app or email billing.

Differences were also found based on the division of the residential sample along different parameters:

- *Location…* In terms of the locations where groups were held (Richmond, Caroline Springs, Werribee, Maribyrnong and Footscray) **the primary difference in response was in relation to maintenance experiences and expectations.** The residential sample acknowledged the diversity of the service area in terms of age; they assumed some more central parts would have older infrastructure (*"terracotta piping"* was mentioned), while others further west would have much newer infrastructure requiring less time and investment in upkeep.

- *Socio-economic status (SES) levels…* While the whole customer sample was keen to minimise their bills, **SES levels did not appear to influence willingness to pay for community benefits** such as supporting hardship or education initiatives.

- *Families…* The main difference noted with those who had children living at home was that they were often **more interested in carbon emissions targets and liveability initiatives** – and therefore prepared to pay for them – *"for the sake of their children"*. Then again, this is not to say that every customer in the sample who did not have children was less interested.

- *Pensioners…* On the whole, this group had similar attitudes to the broader residential sample, although some could be described as having a more cynical attitude to the customer engagement process, indicating a need for CWW to foster trust.

Culturally & Linguistically Diverse Communities

Consultations were conducted with more newly-arrived Burmese and Sudanese (who were seen to be at risk of not participating or being represented in the broader discussions) with a bilingual-bicultural moderator.

While there were many similarities with the broader residential sample, it was found that **home country experience does impact their views and attitudes towards water and service expectations**. These communities **assume as a given, access to fresh, clean water, especially in a developed country such as Australia**. They generally did not question water quality and safety, although some did query additives such as fluoride. If anything, pure, fresh, clean and safe water was something they expected because of their home country experience, where *"water was available without restrictions"*. Most believed water should be free (as it was in their previous experience), as it's *"so fundamental to life".*

While some newly arrived refugees do boil their water, this was attributed to habit, rather than genuine concern about water quality.

Like the broader residential sample, these CALD groups wanted to pay as little as possible for network services. However, unlike the broader residential sample, they had no service expectations and were keen for the opportunity to engage with CWW as a 'community partner' to gain a better understanding of network services and the role of CWW in the community.

Within the report, views of the CALD groups have been reported only where they are different from the views of the broader residential sample.

The overall residential sample included customers from a number of cultural backgrounds, including Chinese speaking, Indian, Greek, Italian, Indonesian, Sinhalese, Maltese and Chichewa, reflecting of the diversity of residents within CWW's service area.

Community organisations

The community organisations we consulted were mostly representatives of multicultural associations. These stakeholders spoke as representatives of their respective communities. Their views were largely reflective of those expressed by the CALD groups.

They placed much **higher importance than the general community on the role of education** – around liveability, the need for investment and future plans. They were willing to work in partnership with CWW on a range of education initiatives. They were also some of the **strongest advocates for hardship support**.

Businesses

Like residents, the business sample overall was very engaged with the discussions. Some had a very good understanding of the scope of CWW's work and what they are paying for, while others (smaller businesses, including trade waste) were more similar to the residential sample, in that they did not know much at all.

The business sample was mostly focussed on price, customer service and maintenance or reliability issues. They were open to hearing about any ways of reducing bills, although generally quite accepting of current pricing (with one or two notable exceptions). Larger businesses in the sample, in particular, were often very interested in understanding how innovation can be used to benefit themselves, CWW, bills and the environment.

Differences in views and attitudes seemed to be based on their reliance on water and how well the business was doing financially (e.g. whether facing substantial overseas competition).

CWW's role when it comes to Liveability, Community Education, Managing Water into the Future and Carbon Emissions Targets was not the focus of our conversation with businesses but was covered opportunistically, when time allowed.

Councils

Councils participated in these sessions from several perspectives: principally as customers of CWW, as partners in delivering community initiatives and as representatives of their constituents (residents and businesses).

Those who took part in consultations represented a wide variety of functions and responsibilities. As such, it is not possible to make direct comparisons across councils and to identify a unified set of values and needs. Instead there are a number of needs and specific requests which may warrant further discussion and exploration.

Some common themes were:

- a general level of satisfaction with customer service through CWW's council representatives;
- support and appreciation for CWW's work on the Target 155 initiative;
- an interest in more real-time monitoring and proactive notification to pick up unusual usage patterns (as leaks can currently take months to be noticed);
- an interest in working more with CWW on water management and liveability initiatives;
- a desire for a greater understanding of CWW's long-term capital works program to enable work coordination and potential efficiencies.

Delivery of Network Services

Key insights

- Overall the customer sample was **generally happy with the network performance** in terms of reliability, so the demand was for CWW to maintain a similar standard into the future.

- The customer sample **generally expected CWW to be proactive in its maintenance program,** however it was also acknowledged that some parts of the service area are much older than others and that **older areas would require a more focussed and proactive maintenance program** than newer areas.

- The sample was **largely unaware of CWW's Service Standards, Guaranteed Service Levels, or rebate, but pleased to know these exist.** There was some interest in these being extended to businesses. However some current service standards were felt to be too easy for CWW to meet.

- There was some **demand for a system which proactively notifies customers if their consumption rapidly changes**.

- Some larger businesses in the sample were **keen to work with CWW to reduce trade waste costs** but there was **limited interest in CWW operating their own pump-out programs for greasy waste.**

Overview

The principal function of CWW and the relational customer experience is the ability to access water and sewerage services at any time. CWW spends significant sums to maintain service reliability and wants to know if the level of service (versus cost) is right, the service standards customers want and what they should do when they fall below standard.

There were a number of commonalities across the residential and business sample and therefore their views have been combined here, with some business-specific points described below.

Residential & business customers

Service reliability

Most of the residential and business sample were happy with the service they receive. However, there was one business customer who was dissatisfied, one Customer Committee resident who has experienced a number of leaks on his street (without personal service disruption) and one resident (interviewed as a community organisation) who mentioned that a leak on her street took over 12 months and multiple maintenance visits to be fixed. Apart from this, **most could not remember or recall even a planned disruption**.

Maintenance levels: proactive vs. reactive

While the sample **generally expected CWW to be proactive in its maintenance program, this was also expected to vary in different parts of the service area**. Some in the residential sample believed parts of the service area (such as the outer west) would have very new infrastructure and therefore that a more reactive program would be appropriate, whereas some parts (such as the CBD or Richmond) would have older infrastructure potentially requiring a more proactive program.

> *"They've done sewage maintenance in our area recently... I don't know if any of you noticed but they've dug up a lot and they've replaced all the sewage pipes. I know because the truck had their logo on it, so I think some of the money is going to good use, because I think our sewage pipes needed an upgrade, and it's a huge job. It didn't affect our water either." (Resident, Werribee area)*

The business sample appeared less accepting than the residential sample of any kind of disruption that occurs during business hours; by contrast, residents preferred disruption to occur during business hours.

Those who had recently experienced disruption wanted to know more about proactive maintenance and how CWW monitors the condition of pipes although not necessarily to the degree of seeing a maintenance schedule.

Those in the customer sample who knew or assumed they were living in an older area (with older infrastructure) or who placed a substantial reliance on water for their business (e.g. vaccine or beverage manufacturer), were more vocal about the importance of a proactive program of maintenance. Again they were keen to know this is taking place, though not necessarily the details of the program.

Service Standards & Guaranteed Service Levels

The sample was **largely unaware of CWW's Service Standards, Guaranteed Service Levels, or rebates**:

- *Service Standards…* Some commented that the current service standards seem quite easy to meet when it came to number of disruptions (it was felt that *"no one should have five unplanned disruptions within a year"*). By contrast, they appeared to be more accepting of longer durations, for planned disruptions, than current standards.

- *Guaranteed Service Levels and Rebates…* No one within the residential sample appeared to have experienced the level of disruption that would incur a rebate. Overall these customers were pleased to hear there is a rebate when a Guaranteed Service Level is not met. They felt this is a good use of money because not only did it give recompense to people who have been inconvenienced by disruption but it is also perceived to keep CWW accountable and motivate them to keep their services at a high standard. These customers wanted to know that rebates were automatic and it was confirmed that this is in fact the case.

Prioritising response to disruption

Hierarchy of priority when it comes to response is expected – all the customer sample believed hospitals should come first, though they were not as wholly convinced that schools or police required a high priority level.

Beyond this, the discussions indicated that business customers may see themselves as sitting higher up the priority list than residential customers – mainly because they cannot function without water and will potentially '*lose money*'. A business in the CBD mentioned that the CBD as a whole should be a priority over other suburbs, not least because of the negative press a major disruption could attract.

Proactive notification of unusual usage patterns

The customer sample indicated the need for a **system which proactively notifies customers if their consumption rapidly changes**, in the same way they would be notified if there was an unusual usage pattern on their credit card.

This was suggested by both the residential and business sample as well as some councils. Councils mentioned that several months could go by before an issue was picked up, resulting in water and money being wasted.

Business-specific points on Delivery of Network Services

Trade waste

Feedback from a large trade waste business customer, during the co-creation workshop, was that trade waste costs appeared to be *"high and rising"* and that the business would be interested in looking at ways to reduce these costs.

CWW staff put forward two ideas for reducing trade waste costs, which were explored with trade waste customers in these discussions:

(a) potential for businesses to reduce trade waste costs if CWW were to utilise valuable by-products and pay for these, and
(b) possibility of CWW subsidising innovative onsite pollutant treatments.

Some larger businesses in the sample demonstrated a strong appetite for innovations that would utilise valuable trade waste by-products and saw immediate potential opportunities to achieve this. They perceived multiple potential benefits in CWW taking this approach – for both parties. For example, one business suggested CWW could build a treatment plant at their own cost on the business' property, remove the by-product (ethanol) and sell it themselves to recoup costs. They would then benefit from cheaper trade waste costs, as CWW would incur fewer costs in treating the trade waste.

Some in the business sample did not immediately see clear opportunities in the idea, but were open to further discussion and keen to work with CWW to reduce trade waste costs in this way if possible. However, others did not believe their trade waste by-products were valuable and therefore were not interested in the idea.

Greasy waste

Many in the business sample were currently paying a third party to remove their greasy waste. However, these customers had **limited interest when the possibility of CWW operating their own pump-out programs or installing sensors or traps themselves was explored**. While they appeared open to CWW offering such services and **happy to utilise them if they were cost competitive**, they did not see a clear additional value to their business if the services were provided by CWW as opposed to their current provider. If there is a specific advantage to this, it would need to be made explicit to encourage customers to switch providers.

Some did wonder whether the advantage might be greater accountability – but accountability was not something they wanted to pay more for, since they felt they held their current contractors accountable in any case for errors. Some customers even had a relationship with their contractor, or felt positive about contributing to another small local business (e.g. one customer utilised someone who collected their greasy waste for free and used it to make soap).

Guaranteed Service Levels

There was some **interest in GSLs being extended to businesses**. However, customers felt these would need to be significantly higher than the amounts paid to residential customers, in order to be meaningful and worthwhile. As opposed to the residential sample, there appeared to be a general preference amongst the business sample for **money to be invested in proactive maintenance plans, and service commitments, instead of in rebates**.

Private fire services

CWW is the only one of the three metro retailers which does not charge for red fire service meters but is thinking of aligning with industry practice. To inform this decision the value businesses placed on their private fire services was explored. Some were unaware as to whether or not they had a private fire service and so struggled to contribute. However for those who did understand the issue:

- **Some were resistant**: they did not feel they should have to pay for private fire services, as these are essential. They were unhappy about the idea of CWW adding an additional charge to their bill, particularly since they would have no choice but to accept it.

- **Others were more accepting of the idea, especially once they understood that other water retailers are already charging for this**. One in the business sample commented that he was *"surprised to be getting the service for free now"*. When discussing this with business customers in the future, CWW should be aware that some customers assumed the 'charge' under discussion would be for the water used, rather than a flat fee and therefore were happier to pay it.

> *"I wouldn't think it would be a huge additional cost… we don't use a lot of water for fire services, probably just for testing… If this is supported by better advice on testing and saving water then maybe it would be fine. I don't think it would be a big deal from our perspective." (Large trade waste business)*

Overall indications are that it will be important, if introducing this fee, to explain to customers the value they get from the service, the reason for the fee introduction, and the fact that this is bringing CWW into line with industry best practice.

Community organisations

Community organisations did not raise any specific points on Delivery of Network Services; their views were largely the same as those of the residential sample.

Councils

When it comes to maintenance, councils would like to minimise disruption to the community by planning ahead and scheduling works with CWW where possible.

Customer Service, Billing & Hardship

Key Insights

- Customer service expectations differ by customer segment, but there was **a general level of satisfaction with current customer service** (noting that it was not widely used by the residential or smaller business sample).

- Overall there appears to be a **desire for more digital options, and an emphasis on quality of service (the right person to answer my query) rather than speed of response**.

- There appears to be **general community support for CWW providing hardship assistance, as long as it is helping those in genuine need** – however, there were some pockets of resistance to this concept.

Overview

CWW spends a significant amount of money on billing and customer service functions. As such, they want to know how customers feel about the way they interact and what they should consider to reflect preferences. CWW also has programs in place to identify and offer assistance (payment plans, concessions) to people who are struggling to pay their bills. As funding for hardship programs expires in 2017-18 CWW are considering continuing to fund programs by including expenditure within the revenue requirement.

Residential Customers

Customer service channels

The residential sample did not have occasion to contact CWW's Customer Service often, if at all, but expressed themselves as generally satisfied.

> *"I have called them when I had a late bill, they were very friendly. They were very good with the negotiation." (Sudanese resident)*

Various current and potential new channels were explored with the residential sample:

- **Call centre:** The large majority of the residential sample felt that **around two minutes was acceptable for CWW to answer a call**. Some even said anything less than five minutes would be acceptable, because **they do not have occasion to call CWW very often** and because they can put the call on speakerphone and do other things while they are waiting. A call back service would be appreciated for waiting times over (indicatively) two minutes.

A slight extension of call centre hours was requested, to 6 or 7 pm – it was felt that this would better accommodate working people generally, and in particular those who have arrived home from work to find an unexpected bill or other water issue. Customers were pleased to discover the call centre is in Footscray; the indications are that they are prepared to compromise on call waiting time and opening hours in order to have the better level of service they expect a local call centre to provide.

- **Live chat** was requested. It was considered **more convenient than calling** by some customers; for example, a person with an office-based job can make contact with CWW from their desk during work hours.

- **Email** was considered an option for certain general enquiries, though not billing enquiries (which are generally considered more pressing). **The expected response time for email was indicatively around 24 hours.**

- **An app** was requested spontaneously by some – **indicatively interest was highest amongst the younger customers in the sample**. It was hoped that features would include: ability to pay bills, push notification of disruption (planned and unplanned), real-time monitoring of usage, top tips on water saving, contact details / links to call centre, send pictures of leaks to CWW to determine damage and geotag locations.

- **Website:** When discussing the website**, there was little to no interest in a more interactive site, or improvements to the current site** amongst the residential sample.

- **Kiosk:** There was **a particular demand for a face-to-face kiosk from diverse community groups and on behalf of the elderly**, whether this is at CWW's office in Footscray or in a shopping centre or both. Community members from different cultural backgrounds felt it would encourage better engagement with CWW and allow for a better understanding of its services, alongside better customer service.

- **In-language communications:** Diverse community members had a **preference for in-language communications**. Whilst the idea of a suite of translated collateral was seen as superfluous, they did want the option of speaking with **bilingual staff rather than through interpreters** and to receive **bills (at least their first one) in bilingual format.**

Business customers

Customer service channels

Business customers were generally satisfied with the CWW's Customer Service – especially those who had direct contacts.

> *"I don't have too many dealings with them [CWW], but mostly it's very favourable… they respond immediately, or now with email they will email me within the next hour" (Medium non-trade waste business)*

Two specific channels were discussed with the business sample:

- **Call centre:** Some small businesses in the sample were similar to the residential sample in that they simply did not come into contact with CWW very often. However, they assumed if they did, it would be **due to an emergency or pressing enquiry and therefore saw it as imperative for the call to be answered quickly** – this is of critical importance to them as businesses, as they are immediately losing money. The business sample was not necessarily aware of a dedicated emergency line, nor of a dedicated business phone line – this was particularly so for small and medium businesses.

- **Direct contacts**: These were very much **appreciated by those in the sample who had them** – noting that some businesses may be dealing with a number of key contacts, and may not be sure if they actually have a dedicated relationship manager (or whether these are ad hoc contacts). This appeared to be true of several larger businesses in the sample. **There was an appetite for a specific person to call more generally, even amongst small businesses**. They were not only concerned with speed of response, or with having the same person to handle their query throughout; more than either of these, they wanted their call to be dealt with by someone with enough knowledge about their business' issues to be able to respond appropriately and effectively.

> *"We had a significant charging issue where one of our meters was reading more than what was actually going through, resulting in some pretty big billing issues, and we sat down and talked to CWW and they were very willing to listen and we resolved that pretty satisfactorily" (Large trade waste business)*

Potential improvements to customer service

The residential and business sample suggested two additional improvements to customer service:

- **Push notification of disruption** (e.g. via app, SMS) was desired, including information on when service is expected to resume – particularly for unplanned disruption. This was viewed as important partly because it enables people to plan ahead.

- **Demand for a red flag / proactive contact about an unusual bill** was requested particularly by the business sample. If this is not feasible for CWW, these customers at least wanted to feel they had permission to contact CWW to discuss an unusual bill that they could not account for. While some of the customer sample felt happy to call, others were reluctant to do so as they were not sure CWW would welcome this. Providing a statement to this effect on the bill (for example – '*Unusual bill? Contact us to discuss* it'), along with contact details, may help these customers to feel more comfortable about this.

  "The bill is larger than normal for some reason and I'm not sure why… They should proactively contact us if there is a significant increase, and investigate whether there is a leak." (Small trade waste business)

Different service levels

We also explored the idea of customers being able to access and pay for, different levels of customer service. **There was very limited interest in this.** The residential sample did not interact enough with CWW to see any value. The business sample was not keen on the idea of paying for this – those who use a lot of water and pay comparatively high bills simply expect this should result in a certain level of service. In any case, large businesses already have a Key Account Manager.

Councils

Councils were **happy with the level of customer service they receive from CWW**. CWW's Key Account Managers were specifically mentioned by name by most councils, and it was stated that they had been visiting councils to see how CWW can work better together with them.

There were however a few suggestions for improvements in ways of working and collaborating at a broader project level. In particular, some councils mentioned they felt it was **more appropriate for CWW to treat them as not-for-profits, whereas they felt they were being treated as commercial enterprises**. This was not the case with every council though; some felt CWW *"could not have done more"* to help them with their water saving initiatives.

Billing

Bill format

Discussions indicated there may be a **reasonable number of people who still prefer a paper bill**. This was particularly true for those more newly arrived with low English language proficiency. It's also the case for others in the residential sample, in some cases due to the volume of emails they now receive versus the limited amount of mail in their mailbox. They indicated that paper bills also act as a continuous, tangible reminder that the bill is due, whereas email bills can be buried.

Some in the residential sample voiced a **concern that there would be a charge to receive a paper bill** – we told them there were no plans to do this, at this stage. The converse idea of a discount on email billing was only explored with some of the Customer Committee. While this held some appeal, a concern was expressed that those without access to a computer or smartphone (who might be struggling financially) might be disadvantaged by not being able to access this discount.

Pay on time discount

A **discount for bills being paid by the due date had strong appeal** across both the residential and small business sample. This discount was seen as in-line with telecommunications and other utility providers. It was described as *"a win-win situation"* for CWW and their customers.

Smoothing

Bill smoothing was seen by some of the sample to provide a **greater sense of security about how much their bill would be, enabling easier budgeting and money management**.

There was also some interest in the **option to receive bills monthly**; again this was linked to a perceived ease of budgeting and greater predictability. This was also true of some small businesses in the sample.

Councils

Several councils saw **opportunities to improve their bills from CWW** – for example the number of bills they received, or the format in which they received them. They indicated that they were already having discussions about this with CWW's Key Account Managers.

Residential customers

Hardship

A number of the residential sample were **comfortable for some of the bill to go towards helping those who are struggling financially**. They saw this as the right thing to do, helping others in the community, being part of the community – especially for such an essential resource as water. The community organisations in the sample were also supportive of this and believed proactive assistance is key (i.e. calling a customer if they appear to be struggling), as some may be limited by language barriers and need extra explanation.

> *"Everyone struggles at some point, and water is a basic need, so this assistance is important." (Resident, Werribee area)*

But there are **pockets of resistance**: for example, younger renters and higher SES groups amongst the sample were particularly against *"paying for their neighbours"* – they believed people had plenty of options such as moving to cheaper accommodation, accessing Government grants and assistance, and using public facilities. They were open to restrictions on customers who do not pay and they appeared more accepting of assistance through the Water Efficiency Support Program than of discounted billing. Overall, there was a **real concern as to whether this is going to those in genuine need.**

> *"I don't want to pay for the person above me if they can't afford the bill. Live somewhere else. If I saw something on my bill about that I wouldn't be happy." (Resident, Richmond area)*

Assistance Programs & Activities

Various types of assistance programs and activities were discussed with the sample. Those of most interest were (in order of level of support):

- Payment plans
- Making people aware of the Government assistance programs available to them
- Water Efficiency Support Program (described below)
- Discounted bills

It was also suggested that Hardship Assistance should be clearly offered on the bill, so that customers knew about it and felt more comfortable to ask for it.

Water Efficiency Support Program

The Water Efficiency Support Program (WESP) is coordinated by CWW and provides residential owners with the opportunity to have a water efficiency check conducted on their property. Currently, this is only available to residential owners who have received hardship assistance from CWW.

When discussed with the residential sample, there was some interest in WESP being available to all customers on request, rather than to financially struggling customers only. This was not simply because customers found their bills to be unaffordable but because it made sense to save water and money where possible.

Business customers

Hardship

The potential to extend financial assistance services to business customers was discussed in some interviews.

This was generally **considered unnecessary** by the business sample; they felt the priority should lie with residents when it came to hardship support. Some amongst them had received an unexpectedly large bill and had been able to request an extension, so they did feel support is available for businesses.

It is also worth noting that one council (Hobsons Bay) is running a program to deliver free water and energy audits for small and medium businesses, in conjunction with CWW, to help them become more water-efficient.

They saw this as being similar to the Water Efficiency Support Program, except that it was open to all businesses, not just those in financial difficulty. However, they felt a number of **businesses might not be aware of the service**.

Managing Water into the Future

Key Insights

- Management of water for the future was an accepted and well-supported part of CWW's operations –as relates to a growing population and as relates to a variable climate including possible future periods of drought. Having **a guaranteed supply of fresh water into the future was of prime importance.**

- There was a clear **interest in learning about ways to save water, from both the business and residential sample, both for money-saving and emotional reasons**. There is also an opportunity for CWW to educate businesses about innovative ways in which they could use recycled water.

- While some understood that it costs more to recycle water, **all thought recycled water should be provided to customers at the same price as fresh water, or ideally at a cheaper price**, in order to incentivise them to reduce fresh water consumption.

Overview

Melbourne is growing, and the climate is variable, so there is a need to plan to match supply with demand over the longer term.

CWW plays a key role in this and this role was well-accepted by the customer sample. It was not an area of CWW's work that many had considered or perceived prior to these discussion but it was seen to be highly important.

There were a number of commonalities across the sample – residential, business, community organisations and councils – which are discussed below. More specific information on businesses and councils follows.

All customer responses

Managing and monitoring water consumption

The idea of customers being afforded with more opportunities to manage and monitor their own water consumption (e.g. through real-time monitoring) has been discussed in the Customer Service section and is covered in the Tariff Structure section which follows. The primary appeal of this relates to transparency and bill control. Although the customer sample felt it was important for Managing Water into the Future. Some customers may expect real-time monitoring of water consumption to be easily achievable, in the same way as it is for other utilities.

When raised in this context in these discussions, the use of **digital metering to achieve real-time monitoring appeared to be desirable and well-accepted**.

Recycled water

The customer sample was largely **supportive of being able to access recycled water, but only if it is at the same or a cheaper rate**. This is partly because of the emotional connection with water wastage (some in the residential sample were uncomfortable with using fresh water to wash their car, for example) and partly because it carries the expectation of money saving.

Amongst the sample there were few, if any, who had access to recycled water. They did not understand why it would be more expensive, since it was seen to be lower quality. Therefore there was some interest in recycled water being subsidised, so that price reflects the quality.

Desalinated water

Desalinated water generated a few more negative comments, with the perception it was unnecessary. (Conversely, a customer at Moonee Valley Council made a comment to the opposite effect: that they understood if more mitigating action was not taken now, a second desalination plant would need to be built in the future.) However, on the whole, the customer sample appeared to be more confused than anything else (even in councils), particularly as to when desalinated water was coming, who would have access to it, and how.

Education on saving water

Education on water-saving initiatives generated **moderate interest** – for example helping households to reach Target 155 by providing water saving tips and showerhead and toilet replacement schemes. They saw a dual benefit, in terms of enabling them to save money whilst also helping the environment. Some of the residential sample were already familiar with these programs. Interest appeared to be particularly high amongst CALD groups, who felt ongoing education was critical for water conservation into the future. Attitudes to Community Education is discussed further in the Liveability and Community Education section of this report.

Business-specific points

Accessing expertise

Some in the business sample were interested in consulting with CWW to understand how they themselves could manage their water better and to *"access CWW's expertise"* in this regard.

> *"If there was someone to talk to me, I would love that… It would be cost saving to the business, and we are trying to be as green as possible so any advice and information I can get from professionals would be great… there are so many areas I'm looking at – electricity, gas…" (Medium trade waste business)*

Hobsons Bay Council is running a program to deliver free water and energy audits for small and medium businesses, in conjunction with CWW, to help them become more water-efficient. This service was available to all businesses under their jurisdiction but felt it could perhaps be more widely publicised.

Alternative water

There was also some interest in the idea of subsidised rainwater tanks and in access to recycled water, to save money and help the environment.

Attitudes to recycled water in the business sample were not dissimilar to those in the residential sample.

Most were supportive of alternatives sources of water and some had a specific remit to make their business practices more environmentally friendly and had been actively looking into ways to do so. However, like the residential sample, they would not expect to pay more for it than they do for fresh water. In fact there is an assumption that using recycled water would save them money.

Some saw immediate uses for recycled water within the business, for example to wash trucks or laundry, in toilets, or to water their gardens. Others were enthusiastic about the concept although did not immediately see how they could use it.

One community organisation (a temple) recycled their own rainwater and thought there should be an incentive to encourage more people to do the same e.g. a reduced fixed rate.

Council-specific points

Councils were already making use of various water-saving initiatives including storm water harvesting schemes, recycled water for parks, and rainwater tanks. This linked with their Carbon Emissions Targets, discussed in the next section.

While CWW's work with councils in this space was appreciated, **some felt that certain schemes were prohibitively expensive**; for example, Maribyrnong Council had been unable to take up a storm water harvesting scheme due to cost. There was an expectation that such **schemes should be provided to councils at a discounted rate**; whilst some felt that they were being treated as commercial enterprises when it came to the pricing of such schemes.

Councils were also strong advocates for CWW's work on Target 155. They were also keen to have more real-time monitoring to pick up unusual usage patterns, as they felt it often took months for leaks to be identified.

Carbon Emissions Targets

Key Insights

- There was a general **lack of understanding about carbon emission targets, combined with concern there will be a resultant high cost implication.** This created concern amongst a number of customers regarding the 2030 target.

- **A positioning communications campaign will be required** to educate customers, including the rationale for the choices CWW makes in this regard, particularly if bills are affected.

- **Councils are likely to be supportive** and there may be opportunities for partnerships.

Overview

The sample as a whole wa**s largely unaware that CWW's operations contribute to carbon emissions**, or of its activities in relation to climate change mitigation and resilience.

The State Government request for CWW to be net-zero in terms of carbon emissions by 2030 was discussed. Reference was made to how customers felt about this target, whether there was demand for an earlier or later target date, and how customers felt the reduction should be achieved (e.g. through carbon offsetting, purchase of renewable energy, local investment to generate renewable energy).

These were generally quite difficult conversations, due to **a fundamental lack of understanding (outside of councils), of the issue and of the potential solutions**.

There was also **no awareness** amongst the sample of the existence of the State Government target. The figures presented (i.e. the amount of tonnes currently being emitted and the fact that this amount will increase if business continues as usual) could appear rather daunting as could the 2030 deadline whose achievability was queried. For this reason, there was an immediate expectation and concern that the resultant costs would be high and that this would mean an increase in bills.

> *"They'll have to come up with some sort of miracle." (Resident, Caroline Springs area)*

Most accepted the idea of a target and saw addressing emissions as CWW's remit. But many in the customer sample struggled to give any advice on the speed with which they want CWW to achieve this target, the types of actions they should take, or whether or not they should be a leader in the space. The general preference appeared to be ***'the faster the better, using locally generated renewables as far as possible'*** **but not if this means a significant increase in bills**.

Customers need to be presented with more specific information about the cost implications of the different options, to make an informed decision on what they think should happen.

It is also worth noting that, within these group discussions and interviews, we had the opportunity to explain in some detail the emissions target, the ways in which CWW currently generates emissions and the fact that emissions would only increase on a 'business as usual' trajectory. In reality, **indications are that a major educational initiative will be required to obtain support especially in the event of a price rise**.

Positioning a community education initiative

Three key points and related key messaging are essential in any CWW positioning in relation to carbon emission targets:

1. **Establish the issue:** CWW emits carbon through electricity consumption. In fact, water retailers are the largest emitters in the state – and emissions are increasing.
2. **Position the challenge:** We have an emissions reduction target to meet. All water retailers have been set the same target.
3. **Provide the solution:** The good news is that it does not need to cost much to meet the target, and it can be done in a way that also benefits the local community (through local generation of renewable energy). Customers also need to understand why CWW chooses the route it does eventually take. For example, if investing in renewables has a longer term benefit than offsetting, when does the payback come? Is there a long-term financial benefit to customers from this approach?

Residential customers

Most of the residential sample had never thought about CWW (or any water authority) in the context of carbon emissions before. **There was almost a total lack of understanding that CWW's operations create carbon emissions** or in fact how energy is used to supply water. When explained this is mainly due to electricity consumption during recycled water creation and treatment of waste water, it was well-accepted by most. A small minority of the customer sample (across residents, businesses and councils) queried whether CWW should be producing recycled water, if it has such negative consequences.

The immediate general assumption was that water retailers would be relatively low emitters of carbon. The figures presented to frame discussions– 14,101tCO2, rising to 16,500tCO2 by 2020/21 – may sound high but equally the customer sample had no frame of reference and wondered if this is in fact very much at all.

There was an assumption that CWW's emissions must be lower than those of most businesses. As such, this led some to object to the emissions reduction target, not because they were against it in principle but because they felt there were many other (larger emissions) businesses which should be asked to set targets first and water as an essential service should be one of the last to be "penalised".

Additional information to give meaning and context to the figures – for example water retailers are the largest carbon emitters within State Government and (if compelling) a comparison which indicates where they sit compared to other commercial businesses – will help customers to understand the need for a reductions target.

> *"Depends whether the 14,000 tonnes of carbon is a lot. If it's not a lot and there's going to be a massive rise in the cost of your sewer charges and water charges to meet an ideological goal then that's folly." (Customer Committee member)*

Some were also worried CWW will incur financial penalties if they fail to achieve the target.

Attitudinally, the residential sample can be roughly divided into four segments:

- people who are strong advocates for action, enthused by the idea and prepared to pay to assist CWW;
- people who are open to carbon emissions reduction but more concerned about the cost;
- people who are keen on or open to carbon emissions reduction but do not feel they should be the ones to pay for it (State Government or CWW should pay);
- people who are disinterested in carbon emissions reduction and likely to object to any increase in prices on this basis. They may simply not believe in the efficacy of carbon emissions reduction, they may not understand the impact of emissions or feel the situation is serious enough to warrant redress or they may see that water, as an essential service, should have greater permission to emit carbon than other businesses.

> *"Water is a basic need. Other companies are just creating emissions to make money but City West Water is meeting a basic need." (Resident, Richmond area)*

Members of the CALD groups were particularly concerned about the future of water in the face of a variable climate. Whilst they did not hold a strong view in relation to CWW's emissions reduction target they considered **any effort made to contribute to a better future was a worthy one. Nonetheless they didn't want this to impact on their bills.**

It is interesting to note that, across the sample, some of **those who were most open to paying for emissions reduction stated they saw it as "*important for the future of their children*".**

There is a possibility to increase openness and preparedness to pay for some especially if CWW was to roll out a strategic communications campaign in relation to this issue. Finally, in considering any communications, ‘carbon neutral’ appears to be more familiar language than ‘net-zero’ and therefore may be better in customer communications. ‘Net-zero’ can be misunderstood to mean ‘zero’ – which for some is neither appropriate nor achievable.

Community organisations

Community group representatives were able to offer a multicultural perspective. In the main community leaders noted that CALD communities were **accepting of the reductions target and most believed longer term strategies – such as investment in renewables – were necessary to reduce impact, although they were concerned by the cost implication.** As such, their views did not differ widely from the broader residential and business sample.

Conversely, the environmental group we spoke with expressed a different view. They felt emissions reduction was not actually CWW’s remit and the onus should be on electricity suppliers themselves to convert to renewable sources.

Business customers

The carbon emissions target was not a main focus of our discussions with businesses. Overall, we can extrapolate the views of the residential sample (described above) to the business sample: there is general lack of understanding that water retailers emit carbon in their business operations; there is openness to achieving this combined with concern about cost; there is a genuine lack of knowledge which would enable them to weigh up and compare the different solutions properly.

Some businesses and specialist customers had similar goals around sustainability but many appeared to view the issue more from a business perspective than from a community-minded perspective (i.e. what will the impact on my bills be?). Therefore they may voice some additional concern compared to the residential sample specifically as to whether any resultant price rise will come as a proportion of the bill, rather than as a fixed charge. This is especially a concern for those businesses who are already frustrated with rising prices and struggling to make ends meet: one was worried additional price rises may cause businesses to be “*driven out*”.

Those in the business sample with a little more expertise in the area of carbon emissions – for example through their particular job role – were either more or less sceptical about the reduction target than the average customer in the sample. On the one hand, concerns were raised about how quickly CWW will be able to adopt changes and that the cost of renewable energy might be too high to be practical for CWW.

As with the residential sample, some also felt the State Government should be providing more high level, coordinated assistance (e.g. investment in renewable energy, strategy development) rather than expecting water retailers to do so.

> *"Large bureaucratic organisations can be very inefficient and slow to adapt to innovation" (Customer Committee member)*

Business and councils mentioned CWW's calculations for carbon offsetting needed to be 'above board' (for example, not claiming offsets for a customer's water efficient shower head).

Councils

Councils appeared to be supportive of CWW's emissions reduction target –reflecting their own ambitions.

All had their own targets which varied by council – City of Melbourne has already achieved net zero (via offsets) and are about to enter into a group purchase of renewable energy; Maribyrnong has also achieved this in 2015, through a combination of energy efficiency, investment in renewable and offsets; Moonee Valley has a net-zero target for 2020; Wyndham's is 2040, which they saw as more gradual and therefore more appropriate to prevent bill/mortgage stress within their community. Brimbank's target is to reduce emissions by 50% by 2022/23. Maribyrnong and Moonee Valley also mentioned that they have a target for their community to be carbon neutral by 2020.

The existence of these shared targets may indicate opportunities to partner in communications around emissions reduction. Wyndham Council, for example, suggested that **collaboration with councils in renewable energy investment to achieve economies of scale would benefit both parties.**

The general view was that a **mixture of efficiencies, offsets and investment in renewables was the best approach.** One council representative at Moonee Valley, who had done extensive work in this area, mentioned efficiencies should always be the first step, as these also offer monetary savings, although acknowledged "*they can only go so far*". There were mixed views on offsets and Moonee Valley mentioned a study they had undertaken to compare the benefits of different offset schemes.

Some councils also have a sense of the local community perspective on the issue of carbon emissions reduction: Moonee Valley mentioned people have been very supportive of their own council's target.

Liveability & Community Education

Key Insights

- A liveable environment and an informed community, were highly desired. Furthermore, **fundamentally, most of the residential and business sample thought CWW should be a good corporate citizen**. However, there is some tension between the provision of an essential service (at cheapest cost) and being a good corporate citizen (which is expected to incur a higher cost).

- While other areas in this phase of customer engagement are clearly seen as CWW's remit – Delivery of Network Services, Customer Service and Tariff Structure for example – **Liveability and Community Education were more *"grey areas"* in the customer sample's minds. These are not immediately accepted as being CWW's business responsibility**.

- When it comes to liveability, customers need to understand the nature of the partnership, the delineation of responsibilities and also where money is going on projects such as Greening the West, so they can really ascribe value to them and have greater preparedness to pay.

- In relation to customer education, initiatives which had **a clear end benefit** to the customer, in terms of saving water or money, generated most interest.

Liveability Overview

CWW's role in liveability and community education initiatives was predominantly explored with the residential sample, community organisations and councils – it was not a focus of conversations with the business sample.

As water resource manager, CWW is well-placed to facilitate projects and programs to improve urban greening. However, the customer sample had a **limited understanding of CWW's current role in this area and mixed views on the extent of what CWW's role should be in the future**.

Residential customers

The residential sample were very open to their environment becoming greener. Some assumed that the Parks Charge covers this in part; confusion around the Parks Charge is discussed further in the Tariff Structure section below. They also saw it as the role of councils, in particular, to provide green spaces, and questioned how greening initiatives were coordinated to ensure money is spent most efficiently.

> *"Don't we already pay for that [the creation of green spaces]?... The Council does that... it's a different responsibility… And we pay the parks and recreation… so why would we want to pay again?" (Residents, Richmond area)*

The use of **storm water harvesting and desalinated water to maintain green spaces is seen as a benefit** of CWW's work and one which made sense to the customer sample but was not necessarily spontaneously perceived as such.

Councils

While councils were very happy and open to CWW becoming more involved in Liveability, some were generally unsure of the delineation of responsibilities here when it comes to CWW vs. Melbourne Water and were interested to understand this better. Councils also mentioned some challenges with ongoing maintenance costs associated with Liveability projects. The importance of developing green pathways, in particular, was mentioned by Hobsons Bay Council. By contrast, City of Melbourne mentioned that greening projects were more important in the western parts of CWW's service area, as it is generally "hotter, drier and less affluent" than the eastern part; they supported the prioritisation of areas of higher vulnerability.

Education Overview

We covered a number of education initiatives in discussions including:

- informing customers about CWW services, fixed charges and what the money is used for
- customer education to ensure correct usage of system e.g. minimised blockages and disruptions
- educating customers on the water cycle and what they can do to improve their local environment
- educating community, from schoolchildren to residents to businesses, on how to use water more efficiently
- assuring newly arrived communities of water quality and reliability (noting that this latter point appears, from our CALD discussions, to be very specific to certain countries and unnecessary for others).

The fact CWW services all residents, businesses and councils within its service area and has a direct means of contact with these customers through their bills, meant it was seen to be well-placed to provide community education. **However, the perceived need and demand for CWW to invest money in community education was mixed – it was highest amongst CALD groups, community organisations and councils and lower amongst the broader residential sample.**

Residential customers

Demand for customer education

The residential sample did not demand more education, although some discussions did suggest a need for it: for example, the fact a number of the residential sample indicated they did not know what they could put down the toilet or sink.

> *"Educating people for correct usage… that's not really important, that could be just a bubble on a bill" (Resident, Maribyrnong area)*

There was often a **pushback from these customers on CWW paying for education, unless it was directly related to saving on bills** and they could therefore see a clear and immediate benefit to themselves. Otherwise, it was seen to be the remit of State Government, the education system, migrant settlement agencies or councils. For example, some thought teaching people about the water cycle should be a remit of schools and informing newly arrived immigrants should be the responsibility of settlement support services.

Views on different types of educational initiatives

Overall, there was **most interest in the idea of 'educating community, from schoolchildren to residents to businesses, on how to use water more efficiently'**. There is an appetite for anything that increases efficiency and potentially saves money and water. Community leaders mentioned that children often bring home knowledge to parents and that this might be a relevant way to inform them about recycled water in particular.

There was also **interest in informing customers about CWW services, fixed charges and what the money is used for**.

Customer education to ensure correct usage of system e.g. minimised blockages and disruptions was not seen as necessary. This tends to be because people don't know what they don't know. For example, in one group in Werribee, seven out of eight pensioners we spoke to were unaware of what could and could not be put down the drain or toilet. Hearing how much time and effort CWW spends removing fatbergs, for example, made them think differently.

Assuring newly arrived communities of water quality and reliability was also generally considered unnecessary. Some of the customer sample felt this should be the role of intermediaries and service agencies.

Community leaders, on the other hand, did not believe newly arrived migrants question water quality and safety. If anything, water being of good quality in a developed country is something they take for granted. While many do boil water, it is due to habit or taste preference, rather than concern about quality.

The idea that CWW might spend time and money educating customers on the water cycle and what they can do to improve their local environment was not well understood and would need to be more clearly expressed.

Educational channels

Some had seen CWW at festivals or events. There was **some genuine enthusiasm for CWW's participation in local community events**, beyond just the mobile water fountains (although these were valued), so that people can learn how to save water, exchange showerheads, or access other information that will help them to reduce bills.

Community organisations

Community organisations had a particular interest in this aspect. The principal focus for them is education to help people understand:

- **preservation:** the value of water in a dry country, how we can save it, how we can better use it, what will happen in the future if we are not careful

- **the impact of waste or blockages:** a lot of people did not think about the flow on effect of pouring the wrong thing down the drain, sink or toilet – further pollution and how that impacts the broader community

- **recycled water:** only some understood that recycled water costs more to produce than fresh water. However, most agreed the price should not reflect the production cost but the perceived quality. They felt there should be an incentive for using recycled water over fresh, as they perceive it to be lower quality. On the other hand, migrants may question the quality if the price is cheaper. **Discussions indicated that people do not really understand that the recycled water tap and drinking tap are separate**. There is a need for CWW (in conjunction with developers and builders) to impart information to new home buyers and builders about recycled water, including the fact that it is only connected to the washing machine and toilet.

- **water management:** i.e. how water is stored, how new water sources are identified, why investment is needed and how much this all costs. They felt that **CWW needs to be more specific about its short, medium, long term goals, and communicate to people what they are.**

Ideas for new or improved education programs

It was suggested that CWW could:

- **Host more community events** (e.g. a halal BBQ) in parks or similar spaces. Holding events in these types of spaces was seen to make it more likely for the community to engage, and an opportunity for whole families to attend together. CWW could use these events to talk more about all aspects of their work and activities, from carbon emission targets to water-saving opportunities. It was also mentioned having interactive stands at shopping centres would capture the CALD community.

- Focus on **educating school children** – for example, about water preservation and management, recycled water, and correct use of the system. Children often bring home knowledge they gain at school to their parents, educating children about water issues was seen to be an effective way to impart information to families as well, especially those new migrants who have lower English language proficiency.

- Teach (or even fund) **methods and techniques for harvesting rain water**, as a partnership or shared value initiative.

- **Create employment or internship opportunities** at CWW to increase participation of CALD communities, similar to the NAB African-Australian Inclusion Program (AAIP).

- Produce **more visual bills,** which was seen to benefit and educate those with a lower level of English.

Councils

Some councils expressly identified a need for more education and some noted that CWW budgets seemed to have been cut.

They specifically mentioned Target 155 as an educational initiative of interest. While some councils see themselves as partners with CWW in delivering the Target 155 message to communities, City of Melbourne noted their reliance on CWW in this regard (as it has not been an area of focus for them, since historically they have had fewer residents than other councils).

Tariff Structure

Key Insights

- A number of customers in the **residential sample wanted more control over their bills**. However, ideas to address control – such as pre-paid packages or peak and off-peak pricing – did not appeal.

- Residential owners in the sample also **lacked understanding of how tariffs are structured**. For example, what service charges are, or what the Parks Charge is for. Educating customers about where their money goes appears likely to increase preparedness to pay and appreciation of CWW's role.

- **Providing people with additional choice and transparency when it comes to billing** – for example through options for billing methods or real-time monitoring – will help to empower customers and reduce bill frustration.

- The residential sample was **not always aware of 3-tiered usage charges but this approach to charging was generally well-accepted**.

- The **business sample were generally accepting of their current bills**, in terms of amount and structure, although there was **interest in working with CWW to reduce costs where possible**, for example through innovative approaches discussed in the Delivery of Network Services section or through use of recycled water.

Overview

The customer sample expressed varied views on bill amounts – with some feeling bills are very high and others feeling they are reasonable. Conversations with all customer segments indicated they want more control over their bills and residential owners in particular felt they had limited ability to reduce their bills.

Customers' ability to have control over their bills was also a concern for CWW staff identified in the co-creation workshop. Staff wanted customers to have control over their bills and to feel their bills reflect value for money. As such they put forward a number of suggestions that might help customers to achieve this, or at least offer them a greater element of transparency about their bill amount: for example, new pricing models, or ways to reduce trade waste costs through utilising by-products. These were explored in our discussions.

Where customers are frustrated, this stems partly from the fact they have no choice when it comes to their water supplier. Some in the customer sample expressed the view CWW can "do as they please" when it comes to raising prices or charging fees, without having to consider the customer, because they are a monopoly.

As this issue is complex a deep dive into tariff reform options is proposed to take place in mid-2017 as part of CWW's Price Submission Customer and Stakeholder Engagement process.

Residential customers

Overall, amongst the residential sample (and some of the business sample) we observed a **lack of understanding around bills or tariff structure** – and *mixed* interest in finding out more:

- **Some don't question it much**… They see their CWW bill as comparatively low bill, compared to their gas or electricity bills for example. Furthermore, as water and sewerage are seen to be essential services, this group did not question the amount they pay for it too much. This is not to say they are not interested in accessible information about where their money goes or tips to lower their usage.

- **For others, it is a source of frustration**... This group thought their bills seemed very high for what they (thought they) were getting from CWW. This is particularly the case with owners rather than renters, given that renters only receive the usage portion of the bill. Some owners mentioned a change in circumstances that had led to almost no change in their bills: if they had installed a rainwater tank, for example, or if there had been a significant reduction in the number of people living in the home, their bills had remained the same. **Perceived inability to influence bill amounts and a lack of understanding of why bills do not change when circumstances do, can lead to frustration and some cynicism.**

  > *"I want to know what the breakdown is so I can appreciate it more – is the price of maintenance included? If so what is it? I need maintenance to make sure I get water." (Resident, Richmond area)*

There are three areas where people demonstrated a particular lack of understanding around tariffs:

1. Low understanding of what 'service charges' constitute. This is a particular issue given these charges are perceived to be such a high proportion of the bill. It seems the word 'service' in itself can be misinterpreted: it is not necessarily clear from the name that these charges relate mainly to infrastructure and maintenance, as opposed to customer service. People do not know what they are paying for; they do not generally take into account things like the cost of infrastructure when considering their bills.

2. Some don't understand why **sewerage charges are higher than water charges**.

3. There is also **confusion surrounding the inclusion of other authorities' charges on the CWW bill** (Melbourne Water's Waterways and Drainage Charge, and Parks Victoria's Park Charge). Parks Victoria's charge caused particular confusion, as a number in the residential sample assumed this was a charge levied by CWW for watering local parks. Some staff and customers in the co-creation workshop wondered whether these charges could be billed separately. Our discussions do indicate this might change some customers' feelings about their bill amounts. However, there are also indications more could be done with the current billing layout and information to improve understanding and perceptions of these charges. Customers are certainly not calling for additional bills, which would require additional effort and paperwork, however it does help them to know that CWW is merely the collection agent for these charges.

Appreciation generally increases when shown the *Where Your Money Goes* information (even amongst those who are already satisfied and unquestioning of their bill) – this gave them an understanding of the scope of services beyond simply *"water that comes out of my tap and goes down my toilet"*. In particular, the residential sample was unaware that 60% of the bill goes to Melbourne Water.

Tiered residential usage charges

Some of the residential sample were aware of the 3-tiered usage charges; others were not. **These charges were generally well-accepted**. The residential sample saw this as a measure which encouraged people to be more conscious of their usage, which links back to the possibility of future drought as well as an emotional resistance to general water wastage.

Some of the residential sample and CWW staff at the co-creation workshop, voiced concern about the fact this **could disadvantage larger households**; it was felt in an ideal world, to be truly equitable, the 3-tiered tariff should also take into account the number of people in the household (i.e. be worked out on a per capita basis). However, this is an unlikely option given issues with the practical application and administration of such a structure.

The Social Support representative from Hobsons Bay Council was also accepting of the 3-tiered system, as they felt that:

- incentives to use less water need to be built into the system
- the household has to take responsibility
- this is a good way of educating people on how much water they use

By contrast, **several in the business sample felt a volume discount was more appropriate.**

Other pricing models

We also explored other options which would possibly give people more control in future, such as **pre-paid packages** to suit household needs or size (something similar to broadband packages). This option was seen to require real-time monitoring ability.

A number of the residential sample felt there was too much variability in their water usage for a pre-paid package. They were concerned they would be penalised if they went over their selected package and since water and sewerage are essential resources, they would not be able to stop using them in order to avoid penalty rates.

However some community organisations felt that newer communities would be keen on such schemes, as it is a familiar way of interacting (for example, with telecommunications companies) and might make them more mindful of their usage.

The possibility of **peak and off-peak pricing** was also explored. This was an idea mentioned in the co-creation workshop as one way of enabling customers to have more control over their bill. **There was some interest in this, but it was limited.** Renters in the sample did not feel they would change their behaviour when it came to washing and eating or drinking; owners may have greater interest especially for tasks such as laundry or dishwashing which of course also has a benefit for energy saving.

Finally, we also discussed **pricing of recycled water**. Essentially, the residential sample appeared largely supportive of being able to access recycled water, but only if it is at the same or a cheaper rate than fresh water. If it was at the same rate, they need to know why.

Community organisations

Community organisations did not have much to say about tariff structure, but **felt very negatively about any increase to bills.**

Business customers

Most in the business sample were **generally accepting of their bills**, though one large business was significantly more concerned with the price of their water bills compared to others.

The trade waste customers in the sample were **generally accepting of trade waste costs** and cost structure. They hoped and assumed these were cost-reflective and reviewed on a regular basis. However, not all small to medium businesses in the sample had a good understanding of these charges.

> *"I've never been able to understand the other tariffs, it's only a brief description on the bills, that is the only understanding I have" (Medium trade waste business)*

The business sample was not keen on the idea of charging based on meter size, if it would increase their bill amount; hence there was particular resistance to this from larger businesses in the sample. An additional charge was not seen as equitable, since businesses with larger meters were presumed to be paying more for their usage anyway. Several business customers felt that a volume discount on water would be more appropriate.

As with the residential sample, there was **openness to using recycled water** (if cost-similar or cheaper) from businesses that currently don't have access to it e.g. laundry business, or some businesses even for just the toilet.

Specialist customer views on fees and charges are discussed in Appendix 2 below.

Councils

City of Melbourne suggested that there should be a **new tariff category for greening the landscape**, including irrigation of parks. They did not feel that a cheaper rate would encourage more water usage, given their water reduction targets.

Next Phase of Engagement

The next phase of the program involves the testing of the potential elements of the draft Pricing Submission. We will use the sophisticated and customer-empowering SIMALTO trade-off tool to achieve this. The outcome of this stage will be a report that effectively identifies a preferred approach; in essence the service and pricing package that appeals most broadly to the CWW customer base.

What is SIMALTO?

SIMALTO (Simultaneous Multi-Attribute Level Trade-Off) is a quantitative survey technique used to establish customer willingness to pay and the relative value customers ascribe to different existing or potential CWW activities.

SIMALTO is being utilised in CWW's 2018 Price Submission development because of its ability to generate customer choices in a way which is simpler and closer to real life decision making than more traditional trade-off techniques. Crucially, SIMALTO is an empowering technique that gives the participating customer a sense of budgetary control and through a budget simulator facility embedded in the process, allows customers to make and review their choices against what matters most to them.

What this actually involves

To develop the SIMALTO matrix we have identified, through insights shaped from outcomes of the qualitative deep dive, the most important services or activities **which have a notable impact on pricing** and will develop stepped service levels that could be offered by CWW.

This will form the matrix of activities to be tested via SIMALTO for possible inclusion in the Pricing Submission. Further, these initiatives must be presented in consumer-friendly terms and with realistic steps in each activity to reflect customer priorities.

Customers work through their SIMALTO choices, selecting their preferred service level for each activity and **allocating their given budget** to the combination of services and levels that matters most to them.

From this will emerge a limited set of preferred service "packages" that represent optimal combinations to a majority of CWW customers.

The preferred sets will be derived for residential and business customers in total and for key stakeholders or customer groups, such as those with prior experience of service disruptions, those who have been in contact with Customer Service and customers experiencing financial hardship.

What will be taken forward to SIMALTO?

SIMALTO testing will focus on key activities under the four broad headings detailed below, with specific activities identified that resonated most strongly with customers, whilst also having clear cost implications:

Delivery of Network Services

- Minimising disruptions to water or sewerage services, and the inconvenience caused when disruptions occur
- Providing access to recycled water

Customer Service

- Speed of response to phone and email queries
- Availability of customer service assistance (hours and locations)
- Availability of assistance to those experiencing financial hardship
- Provision of checks on water efficiency
- Availability of account managers for businesses
- Access to information and assistance through an online portal or app
- Digital metering

Managing Water into the Future

- Future proofing for a growing population
- Future proofing for an uncertain climate
- Achieving targets for reducing carbon pollution from CWW activities

Liveability and Community Education

- Supporting activities to increase greening/urban cooling
- Providing community education to help customers know how to use the system in a way that reduces the risk of blockages or disruptions.

The SIMALTO exercise is geared to informing CWW on the optimal mix and cost of services for customers rather than the best way of charging for this (i.e. the tariff structure). Consequently, this is more appropriately considered by a separate piece of customer engagement and therefore, as noted above in the Tariff Structure section, a deep dive into Tariff Reform options is planned for mid-2017.

OPENMIND

Hall & Partners

City West Water

SIMALTO:

Combined Residential and Non-Residential Research Findings

June 2017

Research objective

To guide City West Water's decision making with respect to an optimal service offering at the most preferred bill level for residential and non-residential consumers

Residential Research Findings

What did we do?

20 Minute Online Survey	849 interviews with CWW residential customers	12 April to 16 May 2017

- **Community survey** – a representative sample of CWW residential customers from a commercial online panel (n=500)
- **Customer segments** –CWW residential customers with particular experience (e.g. sewer blockage, high water use) (n=266)
- **Community consultation** – from survey on the CWW website invited through Your Say (n=83)

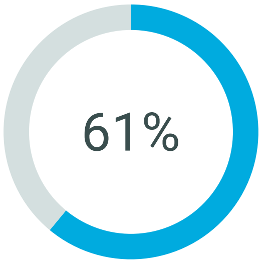
Note: *Results presented throughout the residential component of this report are based on the Community survey (n=500) unless otherwise stated—this cohort is a fully representative sample of CWW Residential Customers sourced via a commercial online panel*

Residential customer awareness and attitudes towards CWW

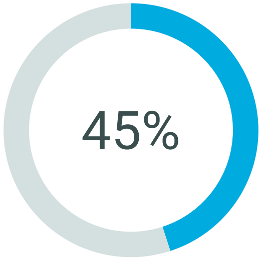
Understanding and Awareness of CWW services

Residential customers tend to attach personal interest to CWW services and activities of which they are most likely to be aware of. These focus on delivery and maintenance of core water and sewerage services.

Environmental and societal functions tend to have the lowest levels of both awareness and interest.

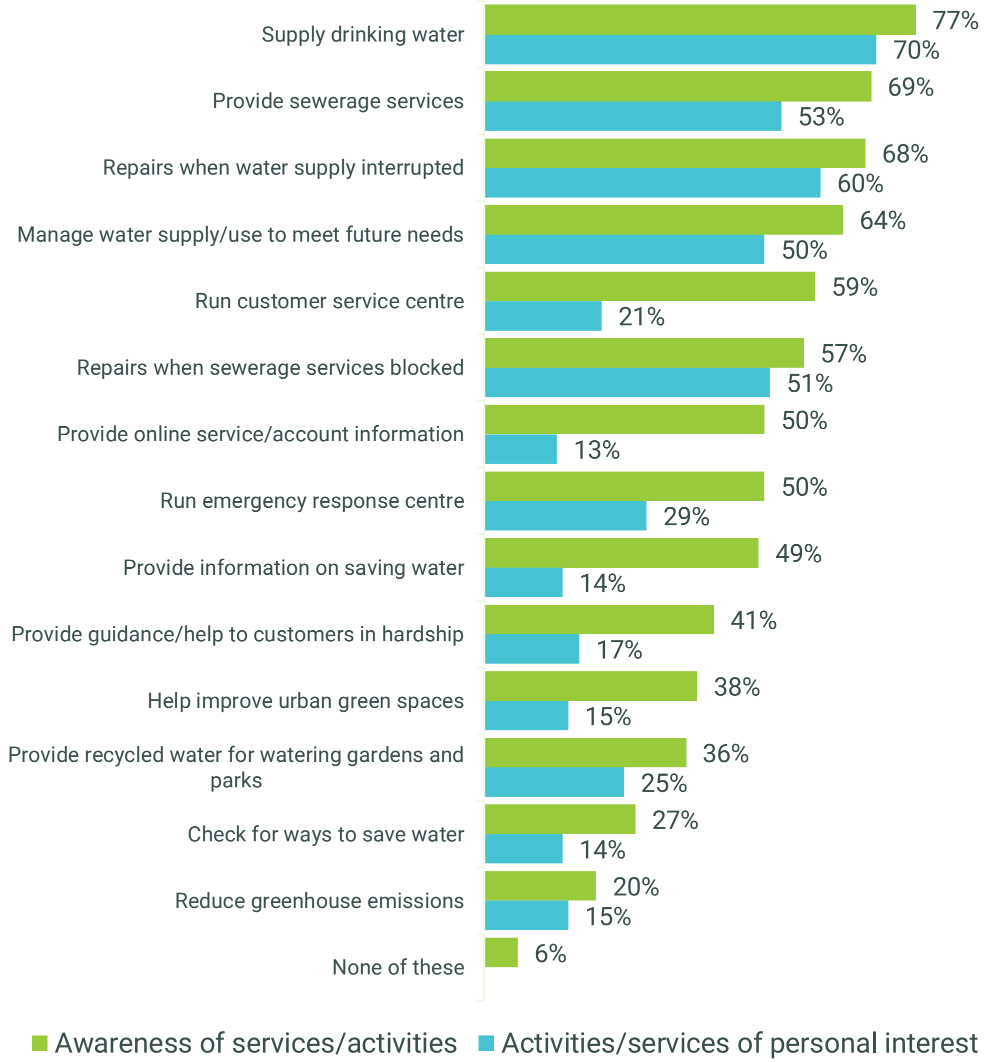


OWN OUTRIGHT



RENT

CWW Services and Activities



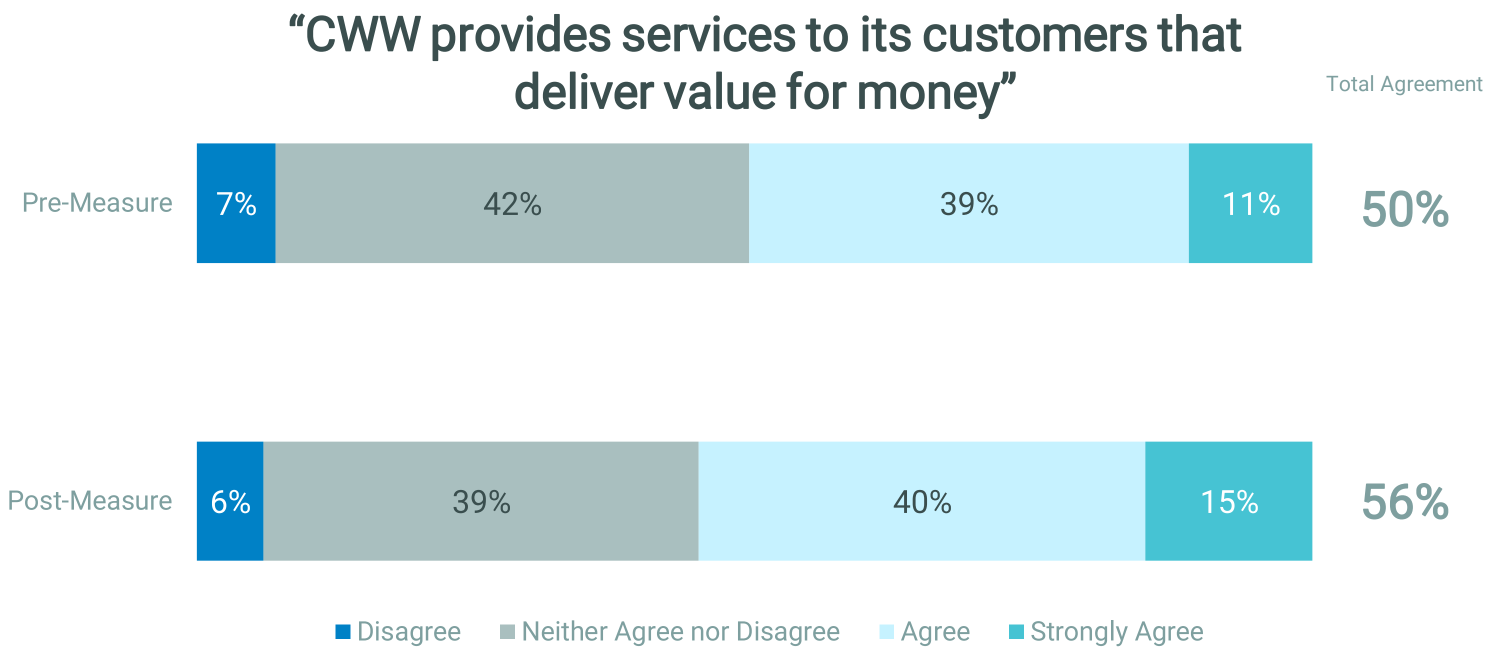
QA1: How well do you understand what CWW does? Base: All respondents (n=500)
QA2: Listed below are various services that CWW delivers. Please select those you are aware of. Base: All respondents; multiple responses accepted (n=500)
QB1: Listed below are those services that we showed you earlier. Please select a maximum of 5 that are of greatest importance to you personally. Base: All respondents; multiple responses up to 5 accepted (n=500)

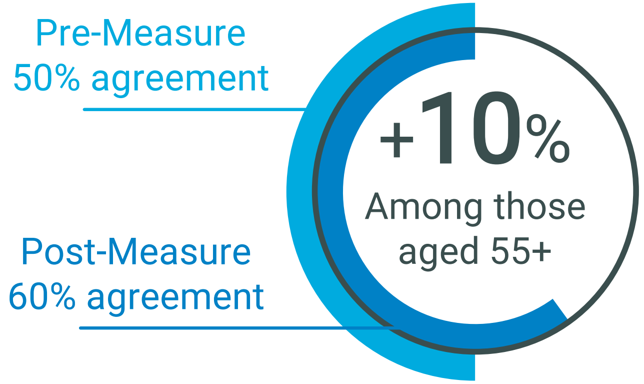
Appreciation of what CWW does

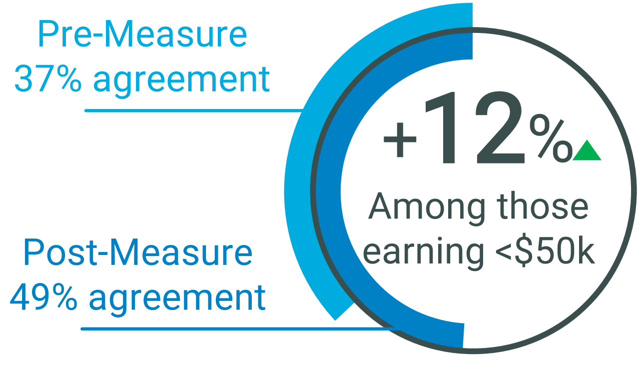
Learning more about what CWW does through the SIMALTO exercise leads to residential customers having a greater (albeit not statistically significant) appreciation of what CWW does.

The views of older and lower income customers were affected more by learning about what CWW does.

Negative views of value for money are not particularly affected post SIMALTO.







QA3: Pre-measure → How strongly do you agree or disagree with that statement that *"CWW provides services to its customers that deliver value for money"?* Base: All respondents (n=500)
QB9: Post-measure → How strongly do you agree or disagree with that statement that *"CWW provides services to its customers that deliver value for money"?* Base: All respondents (n=500)
▼▲ Indicates a statistically significant difference at the 95% confidence level

Residential customer preferences from SIMALTO

What is SIMALTO?

SIMALTO is a trade-off analysis tool that presents participants with a number of attributes that may form part of a service mix, each with staged levels of service. Customers are asked to **indicate what level of each service they would prefer** to receive, to determine the optimal combination across all customers and key customer segments.

Participants have **a budget of points to spend across different services**. They are able to review their choices as they go, thus making selecting their ideal mix simple and close to real life purchasing decisions.

QB2X1.Reliable water service (1/18)

CWW manages 5,000 kilometres of water pipes. Ageing water pipes in some suburbs means that some customers may experience multiple unexpected interruptions to their water service.

CWW can undertake different levels of maintenance and replacement works so repeat unexpected interruptions are minimised where possible.

Please hover over image to enlarge.

You must allocate at least 97 points and no more than 103 points

Points you have allocated 0

Please select one answer for each row

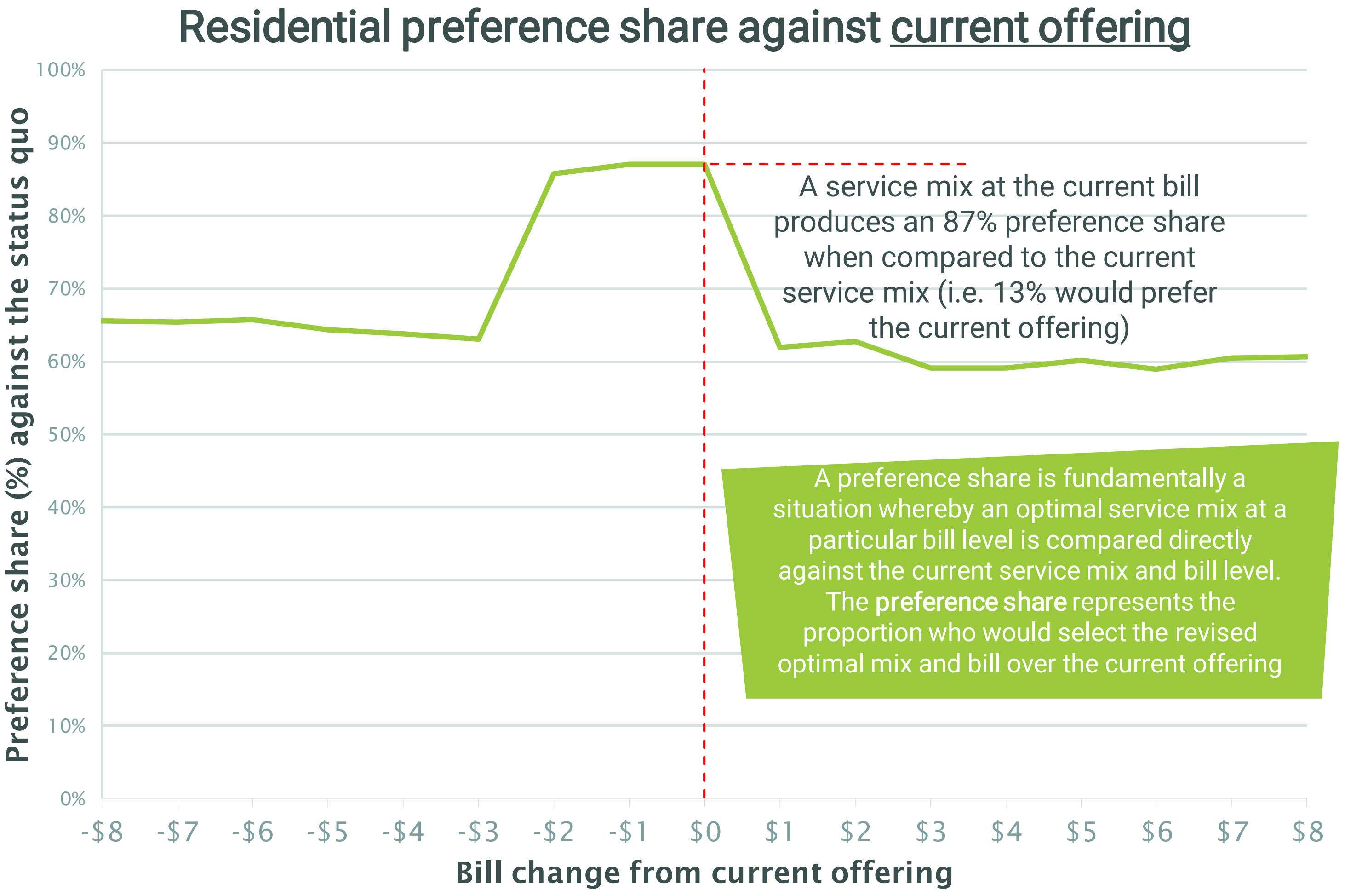
Reliable water service	No customer will experience more than 6 unexpected water interruptions in a year **0 point(s)**	No customer will experience more than 5 unexpected water interruptions in a year **11 point(s)**	No customer will experience more than 4 unexpected water interruptions in a year **23 point(s)**	No customer will experience more than 3 unexpected water interruptions in a year **26 point(s)**	No customer will experience more than 2 unexpected water interruptions in a year **35 point(s)**
	[Fill]	[Fill]	[Fill]	[Fill]	[Fill]

Provide recycled and stormwater to keep public parks, gardens and sports fields green	CWW does nothing **0 point(s)**	CWW advises councils in identifying and building stormwater harvesting schemes **5 point(s)**	CWW builds one major stormwater harvesting scheme in each council area **12 point(s)**	CWW makes recycled water available to an existing major public park, garden or sports field in each council area **16 point(s)**	
Prompt response to phone enquiries	Calls answered by a Customer Service Operator within 5 minutes **0 point(s)**	Calls answered by a Customer Service Operator within 2 minutes **4 point(s)**	Calls answered by a Customer Service Operator within 1 minute **5 point(s)**	Calls answered by a Customer Service Operator within 45 seconds **7 point(s)**	Calls answered by a Customer Service Operator within 30 seconds **10 point(s)**
Prompt response to email queries	Emails answered within 10 business days **0 point(s)**	Emails answered within 2 business days **7 point(s)**	Emails answered within 1 business day **13 point(s)**	Emails answered within 2 hours **17 point(s)**	
Convenient hours when you can contact CWW	Customer Service Centre is open in business hours **0 point(s)**	Customer Service Centre has extended opening hours during the week **1 point(s)**	**PLUS** Saturday mornings to 12 midday **2 point(s)**	Customer Service Centre is open 24 hours, 7 days a week **18 point(s)**	
Access to face to face assistance	No face to face enquiry service **0 point(s)**	Enquiries at the front desk of City West Water's head office in Footscray **4 point(s)**	**PLUS** Staffed kiosks available at 3 major shopping centres – a total of 4 locations **21 point(s)**	**PLUS** Staffed kiosks also available at 3 local shopping centres – a total of 7 locations **35 point(s)**	**PLUS** Staffed kiosks are available at 3 retail strips – a total of 10 locations **61 point(s)**
Assistance for customers in financial hardship	CWW provides referrals and information on State Government assistance **0 point(s)**	**PLUS** Customers confirmed as being in financial hardship are placed on a payment plan **2 point(s)**	**PLUS** CWW checks their homes for ways they can become more water-wise, and provides rebates for appliances that help reduce water usage **4 point(s)**	**PLUS** They may receive a $200 discount on their bill **10 point(s)**	

What are residential customers prepared to pay?

When compared directly against the current service mix and bill, **87% prefer a different service mix at the current billing level**—there is a tolerance to accept a different service mix of up to $2 less than the current billing level. Offerings outside this bill range are substantially less preferred by customers when compared directly **against the current service mix** at each bill point.

These results suggest there is an appetite for residential customers to maintain current bill levels but have this applied to a different mix of services.



Note: This chart shows the percentage of residential consumers who prefer the optimal combination of activities and services at each cost against the status quo (i.e. current activities at the current bill)

The optimal mix at the current bill consists of…

DECREASED

SERVICE FOR 3 ACTIVITIES

- **Max 3 sewer blockages experienced by a customer in a year** (now 2)
- Maintain but **don't extend recycled water coverage**
- **Answer the phone in 1 minute** (now 45 seconds)

= STATUS QUO =

SERVICE FOR 7 ACTIVITIES

- **Restore water** services in 2h 40m
- **Restore sewerage** services in 2h 10m
- Offer **referral, payment plans, water checks** to customers in financial hardship
- No access to **real time information** for water usage
- Provide education materials via **website and leaflets with bills**
- Undertake and pay for large-scale infrastructure projects **when they are needed** to meet future water demand
- Achieve **net zero greenhouse gas emissions by 2030**

INCREASED

SERVICE FOR 8 ACTIVITIES

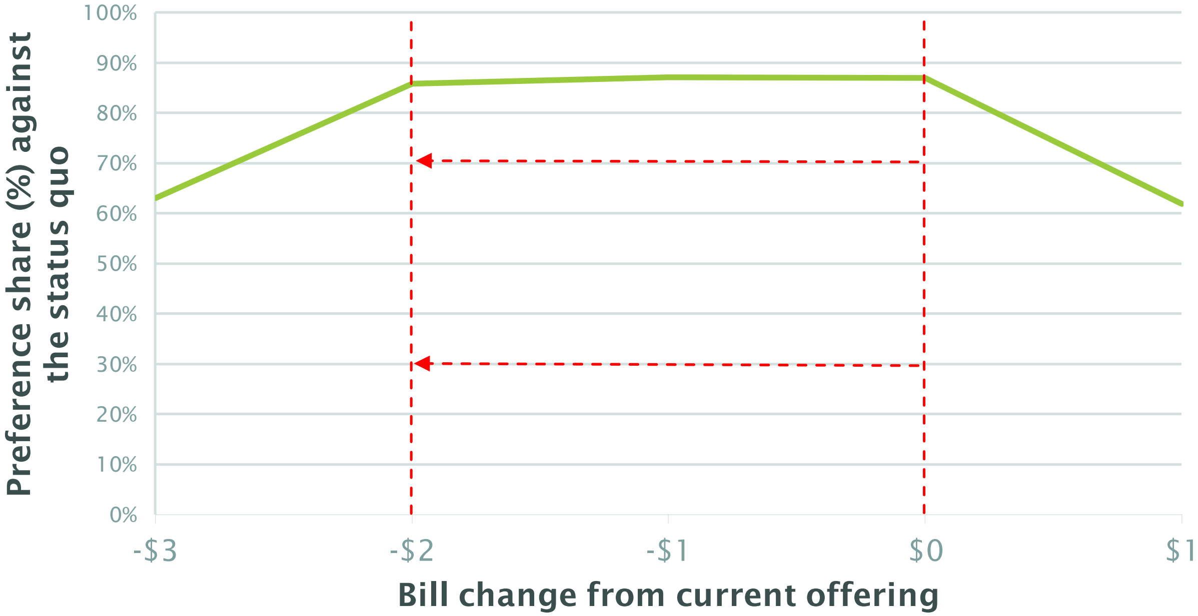
- **Max 3 unplanned water interruptions** experienced by a customer in a year (now 4)
- CWW builds a **major stormwater harvesting scheme** in each council to support green spaces
- **Respond to emails in 2 days** (now 10)
- Extend customer service hours to **8am-7pm weekdays plus Saturday mornings** (now 8:30am-5pm M-F)
- Provide access to **face-to-face** assistance at CWW head office
- Customers can access **$50 household checks** to identify ways to save water
- Provide **full financial relief** for customers with **large bills caused by leaks** (now limited)
- **Advocate and lead projects** for a greener West (only advises now)

Key trade-offs in reduced bill optimal solution

Where customers prefer to pay slightly less than now (a reduced rate of $2 p.a.) they make **two key trade-offs**:

1. Reduced water service reliability (i.e. they will accept ***up to 5*** unexpected water interruptions per year compared to ***up to 3*** in the optimal mix)
2. Less help for customers with large bills caused by leaks (i.e. ***some*** financial relief compared to ***full*** financial relief in the optimal mix)

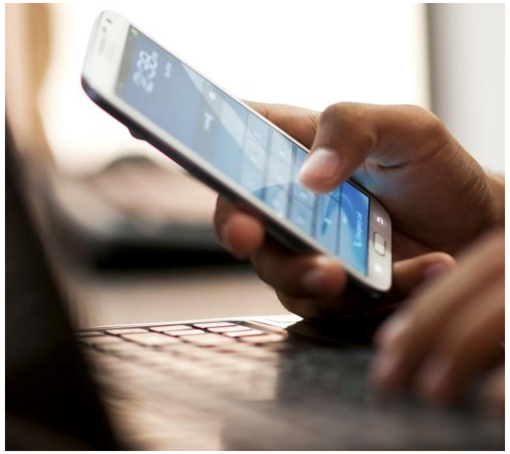
Residential preference share against current offering (extract only)



Key observations from the SIMALTO analysis

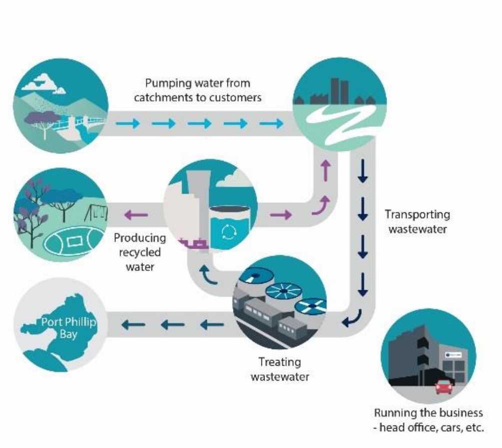
WATER SERVICE RELIABILITY

- Participants who experienced unplanned water interruptions ultimately want a slightly cheaper service mix that is $2 below the current bill
- To achieve this, **they are prepared to maintain status quo of 4 unexpected water interruptions in year** (compared to up to 3 in the optimal mix)
- They are also willing to wait longer on the phone, have no face-to-face service, and keep CWW to a *moderate* role as an adviser to Government and community groups



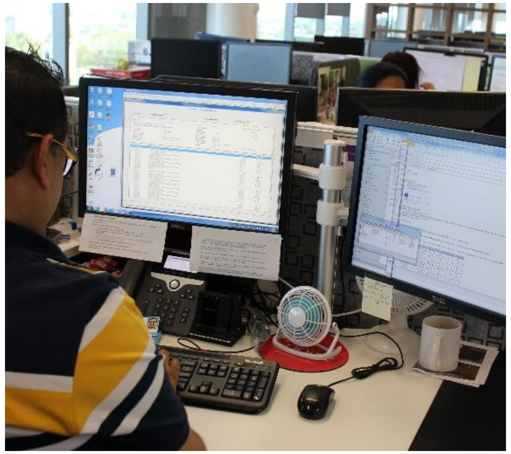
REAL TIME INFORMATION

- Fundamentally, only large water users are prepared to pay extra to receive access to real time water usage information via a website or app
- Large water users are only prepared to pay an extra $1 **for an optimal mix which features real time information**—to achieve this they are willing to forgo 7 services from the optimal service mix including (but not limited to) reduced water service reliability (up to 5 unexpected interruptions a year), reduced sewerage reliability (up to 4 unexpected interruptions a year) and only *some* financial relief for customers with large bills caused by leaks



ENVIRONMENTAL IMPACT

- Only those with high levels of environmental engagement (12%) want CWW to **achieve net zero emissions target by 2020**—all other cohorts are prepared to achieve this by 2030
- To obtain a 2020 net zero emissions target, those with high levels of environmental engagement are willing to accept reduced reliability in sewerage services (up to 3 blockages a year) and increased waiting time on the phone (up to 2 mins)



CUSTOMER SERVICE

- **All customers** have a desire for email response times to be within 2 business days **and** for customer service hours to extend to 8-7 weekdays plus Saturday mornings—amongst other trade-offs, they are prepared to wait slightly longer on the phone to enable these service extensions

Preferred service levels directly attributable to specific customer segments of interest

EXPERIENCED SEWER BLOCKAGE

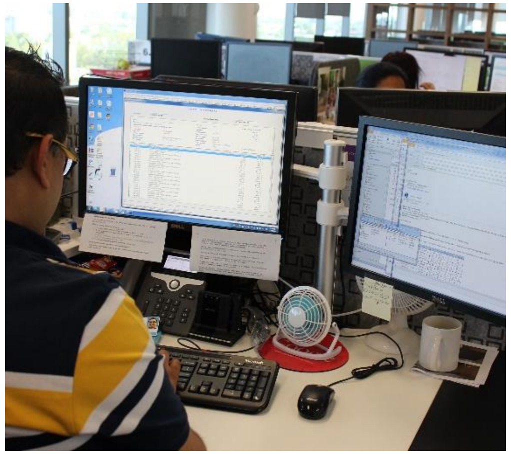
- Participants who **have experienced a sewerage blockage** are more likely to prefer a decrease in the level of service relating to unexpected blockages and resolution times (i.e. up to 4 in a year) and have a greater willingness to accept an extra 10 minutes in restoration time (relative to the current offering and optimal mix)
- Contrary to what may have been expected, this cohort perhaps feel the sewer issues will not resurface or potentially they may not have been aware of the issues in the first instance

CUSTOMERS WITH ACCESS TO RECYCLED WATER

- Participants **with access to recycled water** show a propensity to maintain but not extend recycled water coverage (which is in line with the optimal mix)

HARDSHIP CUSTOMERS

- Among the small cohort of participants **impacted by financial hardship,** there is a clear preference for an increase in service above the **status quo and optimal mix** to receive a $200 discount on their bill **in addition to all other services offered to the segment**



CONTACTED CUSTOMER SERVICE CENTRE OR MADE COMPLAINT

- Participants who have **contacted the CSC** fundamentally value a faster response to email enquiries (within 2 business days) at the expense of call response times which is in line with the optimal mix.
- Participants who have **made a complaint** value greater contact hours (i.e. extended weekday hours plus Saturday mornings) and faster email response times (within 2 business days) in line with the optimal mix

Note: Key findings for results pertaining to participants who have experienced an unexpected water interruption are noted on page 12

Preferred service levels among Light, Medium and Large water users against the preferred optimal mix of services

LIGHT WATER USERS

- **Light water users prefer a service mix that is $1 below the current bill**
- To achieve this mix, light water users have 2 preferred changes from the optimal service mix:
  - **Reduced** water service reliability (i.e. they will accept ***up to 5*** unexpected water interruptions per year compared to ***up to 3*** in the current optimal mix)
  - **Increased** recycled services through making recycled water available to an existing major public park, garden or sports field in each council area to support green spaces (an increase on CWW building one major stormwater harvesting scheme in each council area)

MEDIUM WATER USERS

- **Medium water users prefer a service mix that is in-line with the current bill**
- Medium water users have an optimal service mix that mirrors that of all customers

LARGE WATER USERS

- **Large water users prefer a service mix that is $1 above the current bill**
- To achieve this mix, large water users **are willing to forgo 7 services from the optimal service mix** including (but not limited to) reduced water service reliability (up to 5 unexpected interruptions a year), reduced sewerage reliability (up to 4 unexpected interruptions a year) and only *some* financial relief for customers with large bills caused by leaks
- **All such services are forgone in a bid to receive increased** recycled services through making recycled water available to an existing major public park, garden or sports field in each council area to support green spaces; they also want access to real time information

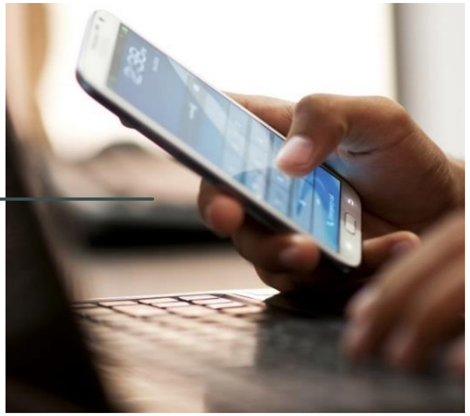
At what bill level do ‘big ticket’ items enter the mix?

Provision of recycled water

CWW continues to supply recycled water to those customers that currently receive it <u>only</u> (i.e. ceases offering to new housing and industrial/commercial estates)

Access to real time information

Digital water meters allow customers to have access to real time water usage information via website or app

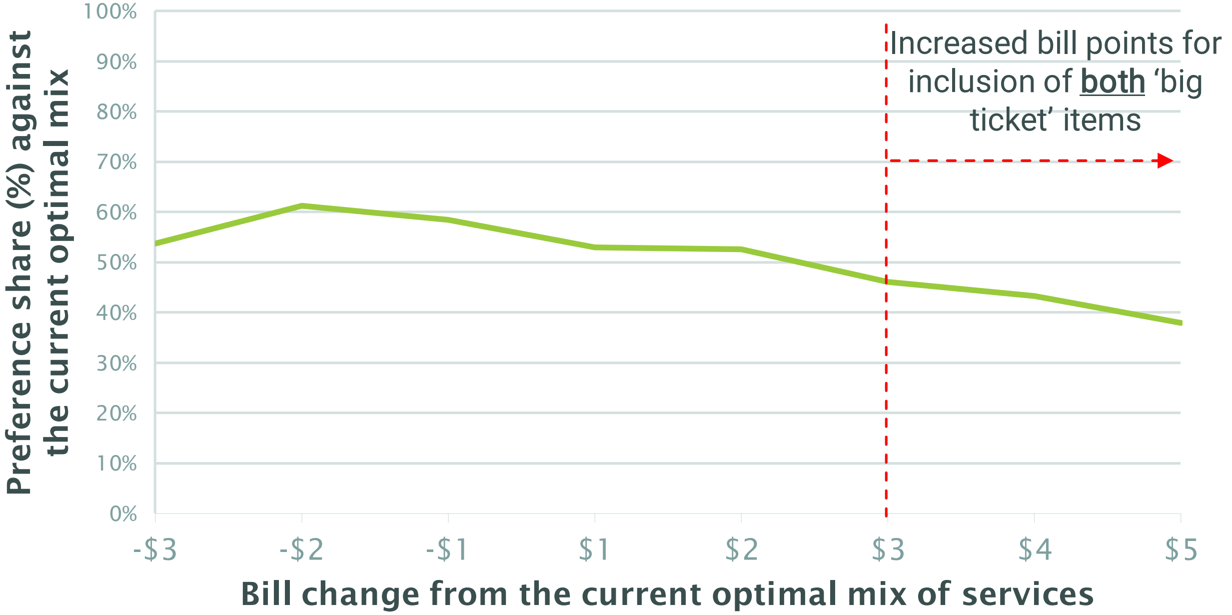


The ‘big ticket’ items (extending recycled water access and real time information) <u>**both**</u> enter the service mix at a bill of **$3 above the current annual charge**; this achieves **a preference share of 46% against the optimal mix**. This indicates that they value these options enough to justify a small bill increase.

However, in order to **fit <u>both</u> services in the mix at the increased bill of $3**, it requires the following to be traded away from the optimal mix:

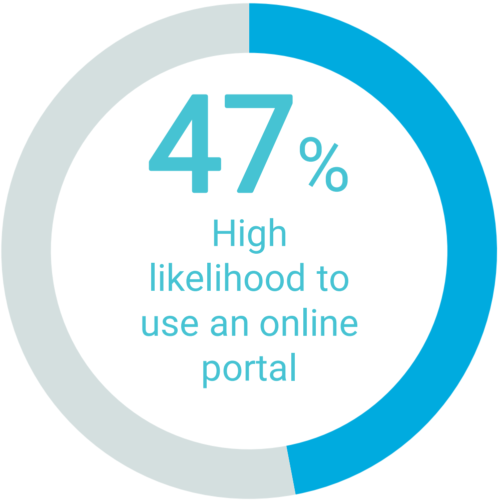
1. Reduced water service reliability (i.e. they will accept ***up to 5*** unexpected water interruptions per year compared to ***up to 3*** in the current optimal mix)
2. Less help for customers with large bills caused by leaks (i.e. ***some*** financial relief compared to ***full*** financial relief in the current optimal mix)

Residential preference share against <u>optimal mix</u>



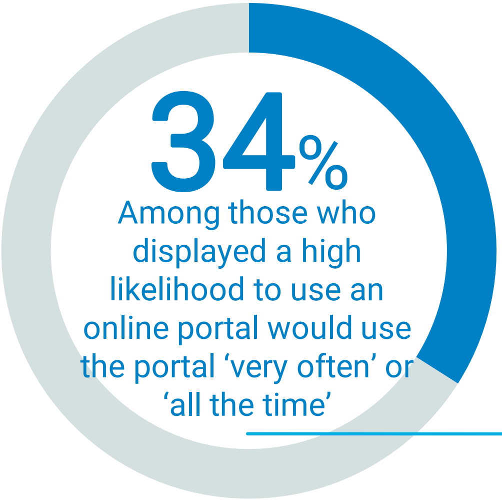
Interest in an online customer portal…

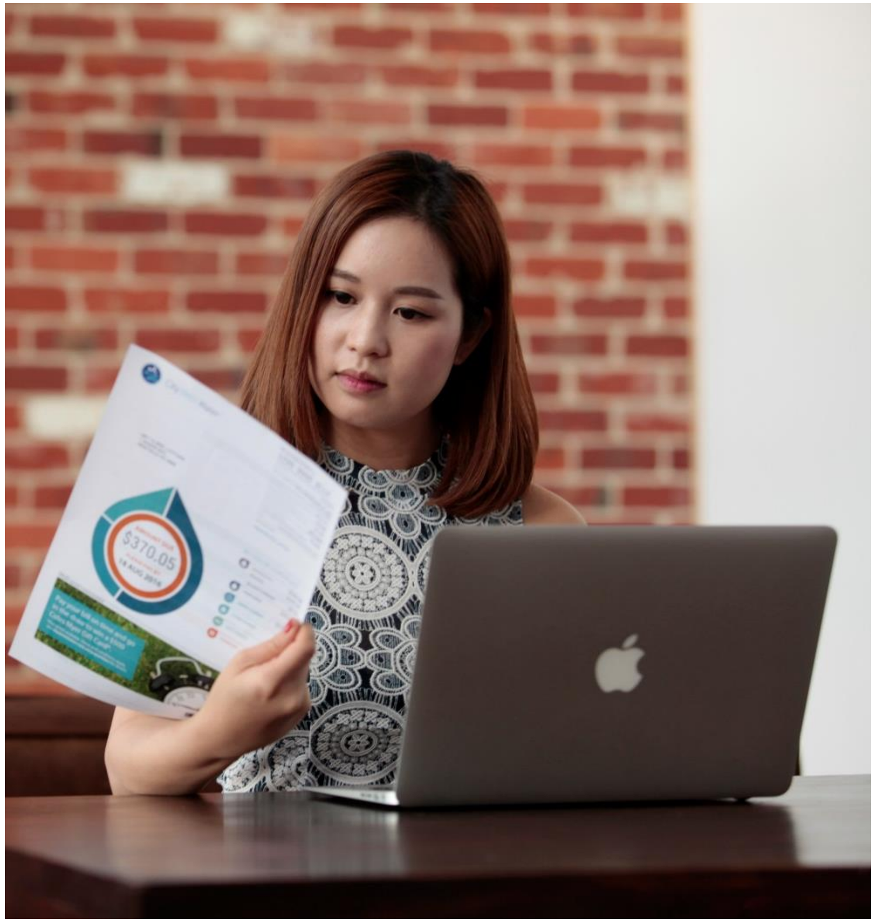
Interest in an online customer portal



Around half of residential customers displayed at least a moderate level of interest in potential use of an online portal (47% indicated they at least had a *good possibility*)—21% had a very strong interest.

Among this cohort around 1 in 3 would regularly utilise the online portal feature—only 2% would *hardly* use it suggesting its **availability would be a valuable resource on an as needed basis**.



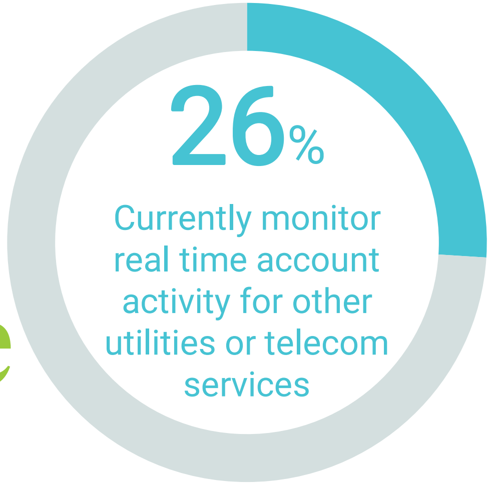


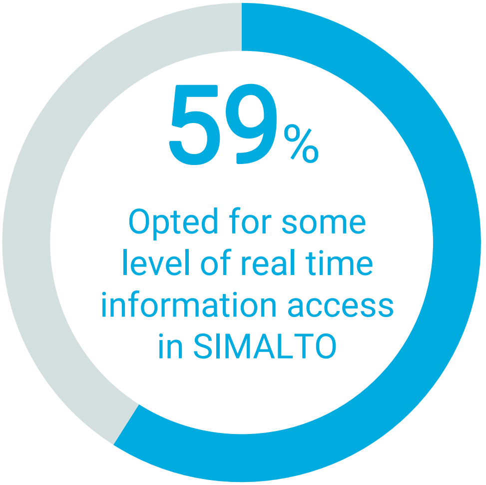
Factoring in **all customers** (i.e. includes customers who had a low likelihood to use an online portal), would see **16%** use the portal 'very often' or 'all the time'

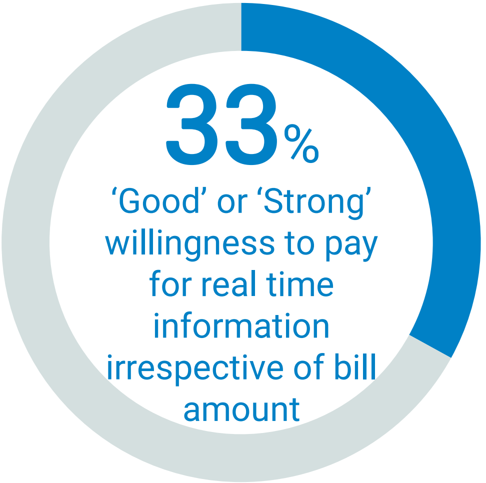
QC1: If an online portal along these lines was available, how likely do you think you would be to use the portal? Base: All respondents (n=500)
QC2: How often do you think you would be likely to use the portal? Base: All likely to use the portal (n=235)

Willingness to pay for higher level services…

Willingness to pay for real time information

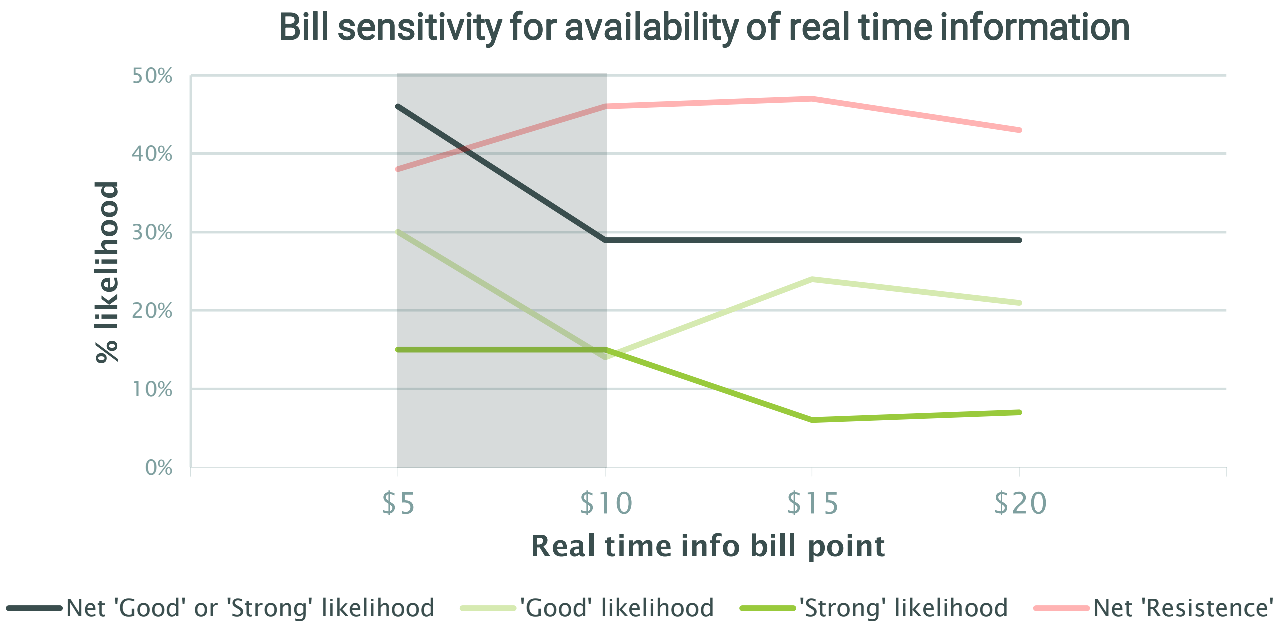






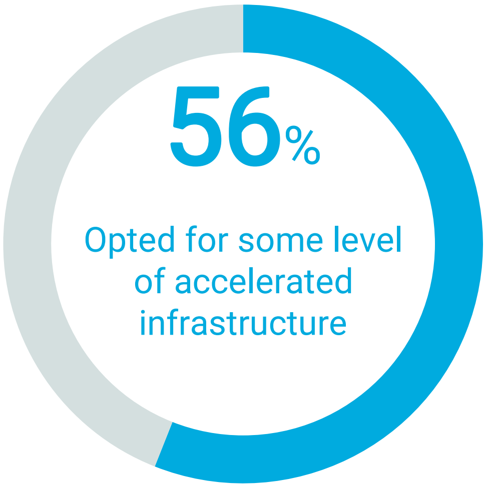
Broadly speaking, there is a **modest appetite** for access to real time information—this may be because only 26% currently monitor real time account activity across other utilities or telecom services.

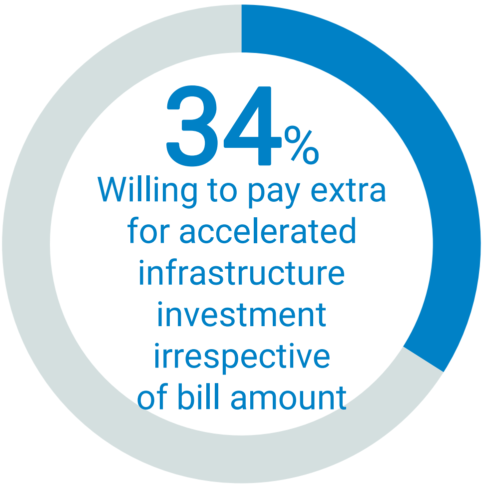
Among the Residential customers who opted for some level of real time access in SIMALTO (59%), pricing sensitivity analysis suggests $10 is the maximum annual charge customers are willing to pay, with the lower bill point of $5 attracting the most support.



QC3: If such an option was available to you, how likely would you be to take it up if it cost an additional $5/$10/$15/$20 on your annual water and sewerage bill from CWW? Base: All respondents selecting Option 2 or 3 for activity type 5A in SIMALTO (n=293)
QC4: Do you currently use an app or website to monitor your account activity in real time for any other utilities or telecommunications services? Base: All respondents (n=500)

Willingness to pay for accelerated infrastructure

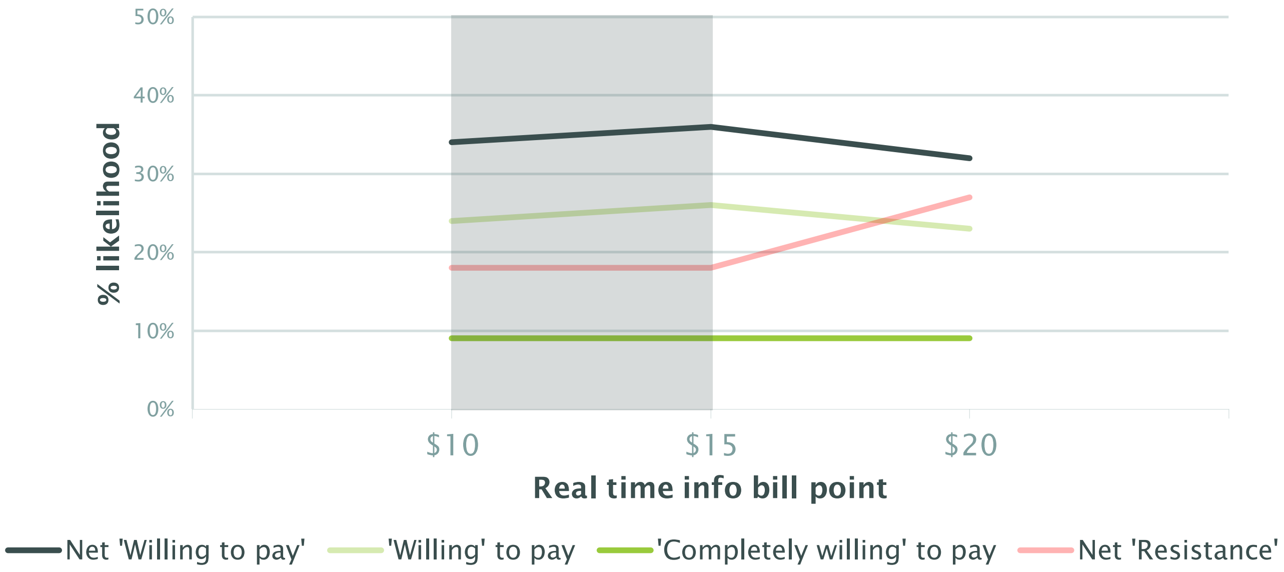




While 56% of Residential customers opted for some level of accelerated infrastructure investment to meet future water demand requirements of a growing population at some point in their SIMALTO exercise, **it did not ultimately form a component of the optimal service mix for any sub group**.

Despite no clear turning point to indicate an optimal bill point, the level of resistance to each bill point suggests a maximum quarterly fee in the \$10–\$15 range as a bolt on if required.

Bill sensitivity for infrastructure to cater for growing population



QC5: When you were making your choices earlier, you were asked about different ways of preparing for future population growth in Melbourne so that water supply system will ensure that adequate water is available to meet our needs beyond the next 10 years. If no action is taken, a large-scale project, like expanding the desalination plant, may be required as early as 10 years' time.
There are various ways that CWW could meet future water needs, but one option would be to construct enough local and regional scale water supply projects (e.g. stormwater re-use projects, recycled water) so that we could delay large-scale projects by 10 years, ensuring that adequate water is available to meet our needs for the next 20 years.
If CWW was to take this approach to securing our future water needs, how much would you be willing to pay an additional \$5/\$10/\$15 on your quarterly water and sewerage bill so that they could undertake this work?
Base: All respondents selecting Option 2 or 3 for activity type 6A in SIMALTO (n=280)

key take aways

RESIDENTIAL CUSTOMERS' PREPAREDNESS TO PAY

The highest preference share was for to **leave bill levels unchanged** but deliver a **different combination** of service levels, with 8 service increases, and 3 service decreases across the 18 activities considered

OPTIMISING A LOWER BILL SERVICE MIX

Reduced **water service reliability** and reduced **hardship assistance** pave the way for an optimal solution that cuts bills by $2 while still achieving a high preference share

APPETITE FOR REAL TIME INFORMATION

Current user behaviour and preference shares suggest there is a **modest appetite for access to real time information**—if implemented, it would need to form part of a revised service mix that is $3 more than the current bill.

Non-Residential Research Findings

What did we do?

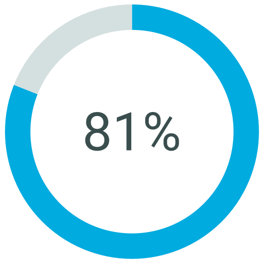
20 Minute Online Survey	160 interviews with CWW non-residential customers	1 May to 16 May 2017

Non-residential survey participants were recruited via CWW supplied contact lists utilising 2 contact methods:

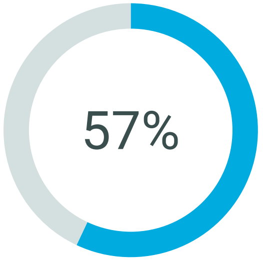
- Direct email invitation (n=87)
- Recruited to participate in the online survey by telephone (n=73)

Non-Residential customer awareness and attitudes towards CWW

Understanding and Awareness of CWW services



LARGE BUSINESSES

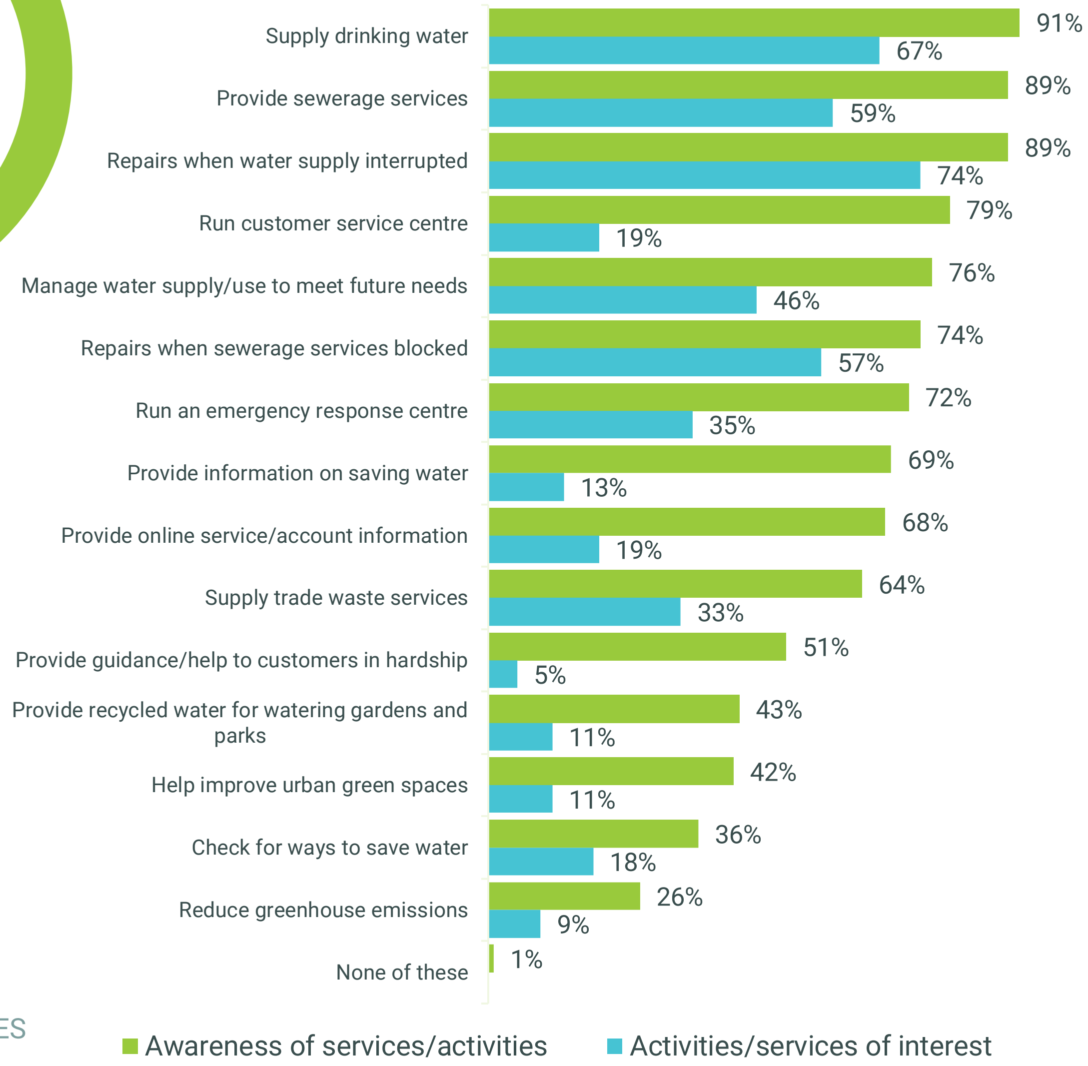


MICRO/SMALL BUSINESSES

Awareness of what CWW does differs by business size—large businesses (81%) are significantly more likely than micro/small business (57%) to have a strong understanding.

With respect to service offerings, the **provision of water and sewerage services** (including CWW's ability to repair) are among the most known and important services to businesses.

CWW Services and Activities

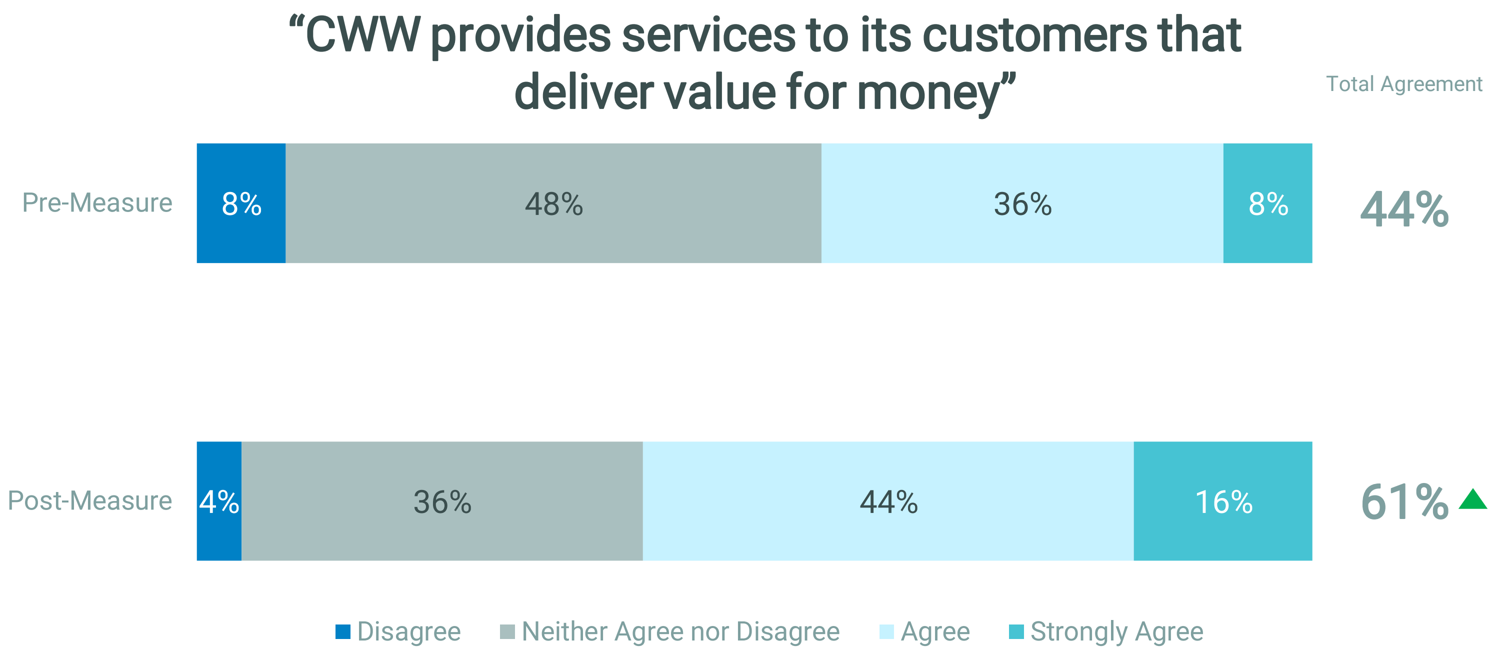


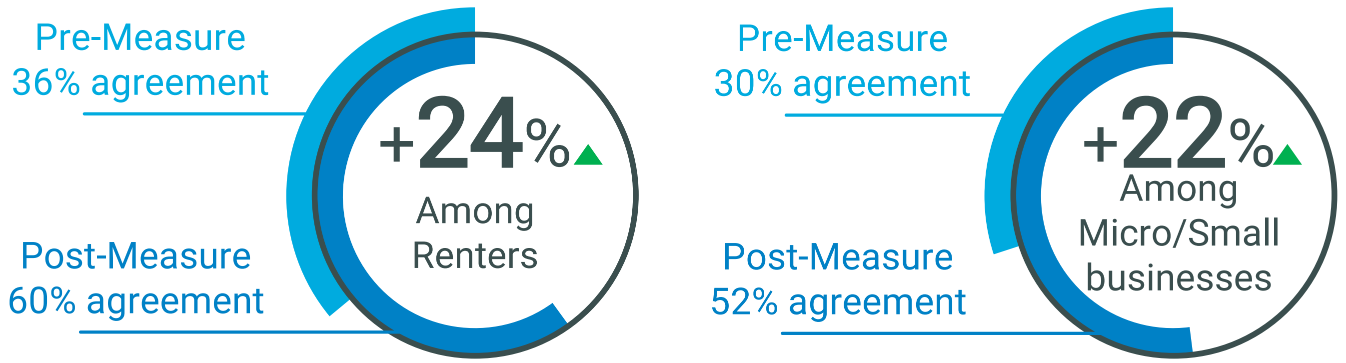
QA1: How well do you understand what CWW does? Base: All respondents (n=160)
QA2: Listed below are various services that CWW delivers. Please select those you are aware of. Base: All respondents; multiple responses accepted (n=160)
QB1: Listed below are those services that we showed you earlier. Please select a maximum of 5 that are of greatest importance to your organisation. Base: All respondents; multiple responses up to 5 accepted (n=160)

Appreciation of what CWW does

Learning more about what CWW does through the SIMALTO exercise leads to Non-Residential customers **having a significantly greater appreciation of what CWW does**.

The views of Renters and Micro/Small businesses were affected most by learning about what CWW does.





QA3: Pre-measure → How strongly do you agree or disagree with that statement that *"CWW provides services to its customers that deliver value for money"?* Base: All respondents (n=160)
QB9: Post-measure → How strongly do you agree or disagree with that statement that *"CWW provides services to its customers that deliver value for money"?* Base: All respondents (n=160)
▼▲ Indicates a statistically significant difference at the 95% confidence level

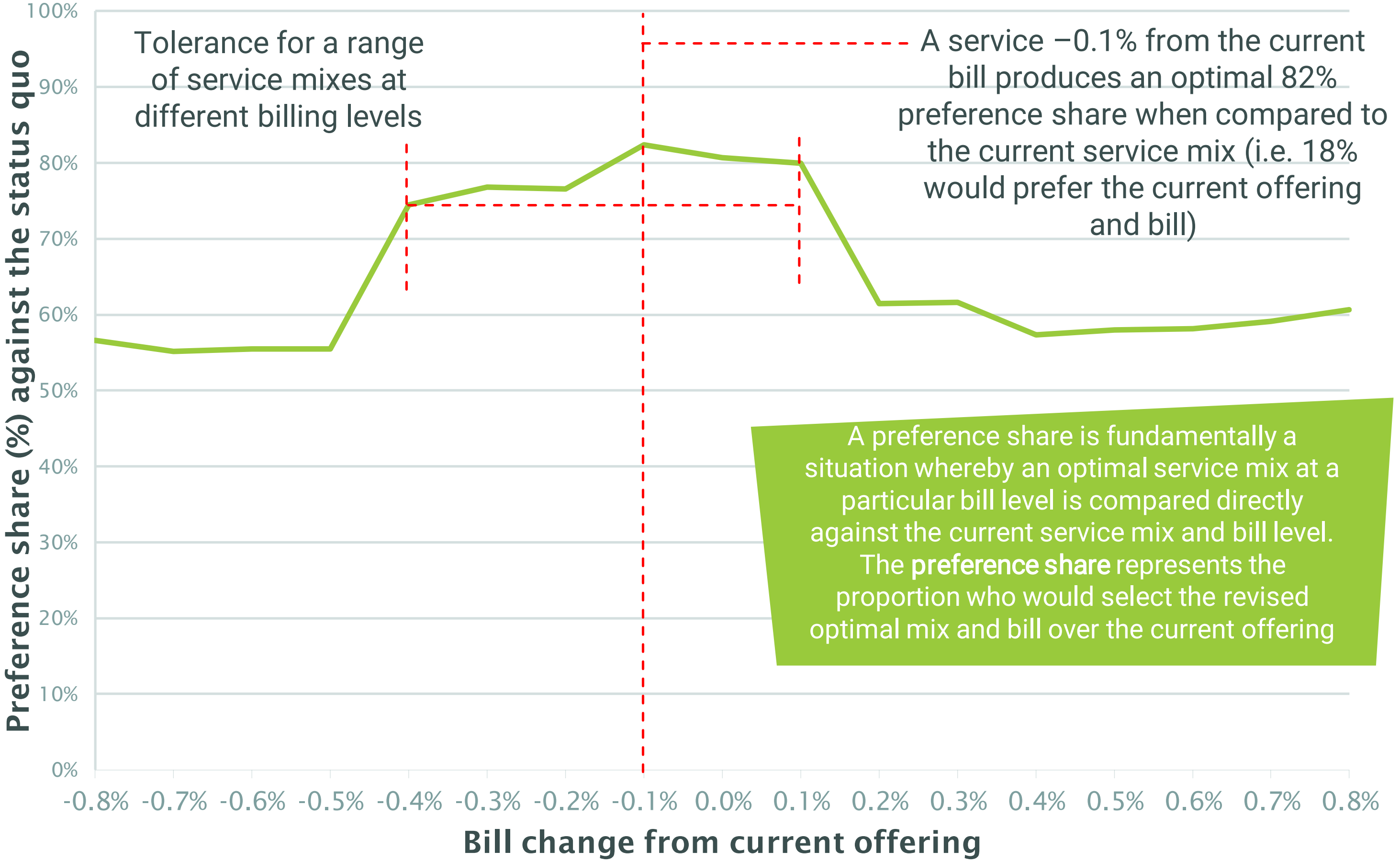
Non-Residential customer preferences from SIMALTO

What are Non-Residential customers prepared to pay?

When compared directly against the current service mix and bill, **82% prefer a different service mix which is 0.1% below the current billing level**—there is a tolerance for the delivery of a ranges of service mixes ranging between 0.4% below the current bill (74%) and up to 0.1% above the current bill (80%).

Offerings outside this bill range are substantially less preferred by customers when compared directly **against the current service mix** at each bill point.

Non-Residential preference share against current offering



Note: This chart shows the percentage of Non-Residential consumers who prefer the optimal combination of activities and services at each cost against the status quo (i.e. current activities at the current bill)

The optimal mix for Non-Residential customers consists of…

⬇ DECREASED ⬇

SERVICE FOR 4 ACTIVITIES

- **Max 3 sewer blockages by a customer in a year** (now 2)
- Maintain but **don't extend recycled water coverage**
- **Answer the phone in 1 minute** (now 45 seconds)
- Offer **referral and payment plans** to customers in financial hardship (no home checks)

= STATUS QUO =

SERVICE FOR 8 ACTIVITIES

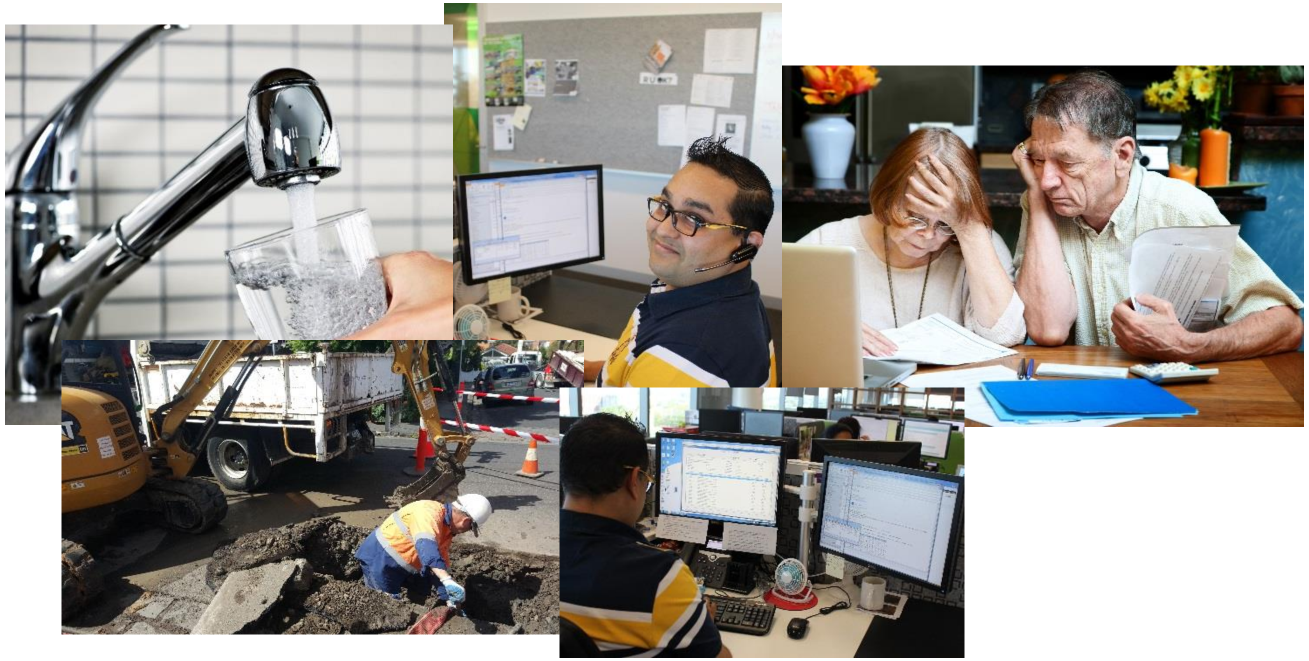
- **Max 4 unplanned water interruptions** experienced by a customer in a year
- **Restore water** service in 2h 40 min
- **Restore sewerage** service in 2h 10 min
- Provide **some financial relief** for customers with **large bills caused by leaks**
- No access to **real time information** for water usage
- Provide education materials via **website and leaflets with bills**
- Undertake and pay for large scale infrastructure **when they are needed** to meet future water demand
- Achieve **net zero greenhouse gas emissions by 2030**

⬆ INCREASED ⬆

SERVICE FOR 6 ACTIVITIES

- CWW builds a **major stormwater harvesting scheme** in each council to support green spaces
- **Respond to emails in 2 days** (now 10)
- Extend customer service hours to **8am-7pm weekdays plus Saturday mornings** (now 8:30am-5pm M-F)
- Provide access to **face-to-face** assistance at CWW head office
- Customers can access **$50 household checks** to identify ways to save water
- **Advocate and lead projects** for a greener West (only advises now)

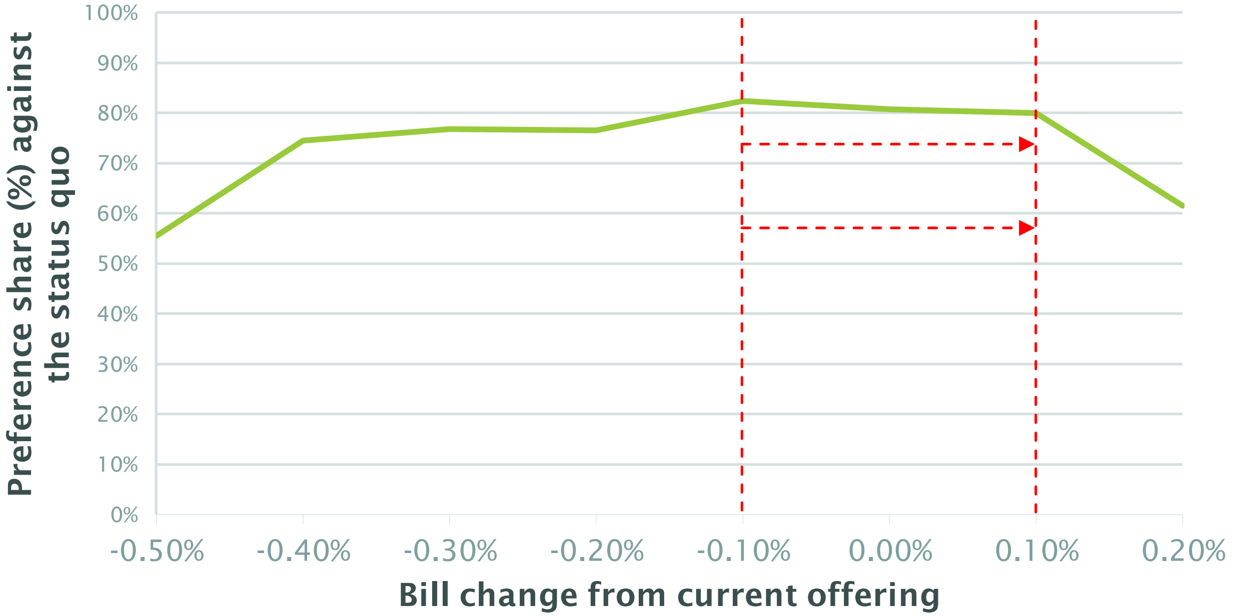
Key upgrades in an increased bill optimal solution



There is a tolerance to pay for a service mix that is 0.1% above the current bill (or 0.2% above the optimal mix)—there are 5 services upgrades relative to the proposed optimal service mix at this bill level which satisfy this solution:

1. Increased **water service reliability** (i.e. they will accept *up to 3* unexpected water interruptions per year compared to *up to 4* in the optimal mix)
2. Increased **response time for water service to be restored** (i.e. *2h 20 mins* compared to *2h 40 mins* in the optimal mix)
3. Maintain **phone response times at 45 seconds** (compared to *1 minute* in optimal mix)
4. Increased **email response times to 1 business day** (compared to *2 days* in optimal mix)
5. Increased **assistance for residential customers in financial hardship** (i.e. include *home checks for ways they can become more water-wise and provide rebates for appliances that help reduce water usage*)

Non-Residential preference share against current offering (extract only)



Preferred service levels directly attributable to specific Non-Residential customer segments of interest

TRADE WASTE (CAT A)

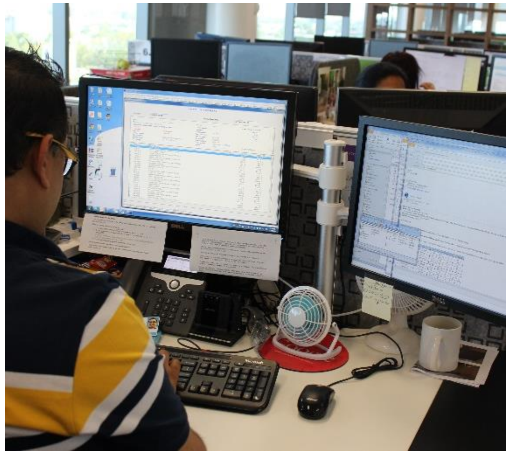
- Category A trade waste businesses **prefer a service mix that is 0.1% above the current bill** (or 0.2% above the optimal mix)
- Their service mix comprises of **2 upgrades** (one of which relates to improvements in time to restore water service interruptions by 20 mins) and **2 downgrades** (customer service related) from the current optimal mix
- They are the only customer segment with a desire for CWW to achieve net zero greenhouse gas emissions by 2020 (**an increase** from a goal of 2030 from the optimal mix)

TRADE WASTE (CAT B)

- Category B trade waste businesses desire **real time information** (through digital metering) in their preferred mix which is at a total bill that is **0.2% above the current bill** (or 0.3% above the optimal mix)
- To obtain this service they **are willing to forgo 3 services from the optimal service mix**, namely reduced water service reliability (up to 5 unexpected interruptions a year), **decreased** phone response times (2 minutes, scaled back from 1 minute in the optimal mix) and extended **opening hours during the week** (8am-7pm), but **no** weekend opening hours as desired in optimal mix

GREASY WASTE

- Greasy trade waste businesses **prefer a service mix that is 0.2% below the current bill** (or 0.1% below the optimal mix)
- Fundamentally, these businesses are willing to scale back on 4 services, 3 of which relate directly to customer service through:
  - **Decreased** phone response (2 minutes, scaled back from 1 minute in the optimal mix)
  - Extended **opening hours during the week** (8am-7pm), but **no** weekend opening hours as desired in optimal mix
  - **No access** to a face-to-face enquiry service (compared to enquiries at front desk at head office in optimal mix)



MADE GENERAL ENQUIRES TO CWW

- Participants who have contacted CWW for general enquiries **prefer a service mix that is 0.1% below the current bill** (in-line with the optimal mix)
- Despite having made contact with CWW their preferred mix involves **trading off phone response time** (2 minutes, scaled back from 1 minute in the optimal mix) to enable **increased** assistance for residential customers in financial hardship through conducting checks in homes so they can become more water wise and provide rebates for appliances that help reduce water usage

Preferred service levels among Micro/Small, Medium and Large businesses preferred optimal mix of services

MICRO/SMALL BUSINESSES

- **Micro/Small businesses prefer a service mix that is 0.3% below the current bill** (or 0.2% below the optimal mix)
- To achieve this mix, micro/small businesses have 4 preferred cut backs from the optimal service mix:
  - **Reduced** water service reliability (i.e. they will accept ***up to 5*** unexpected water interruptions per year compared to ***up to 4*** in the current optimal mix)
  - **Reduced** phone response times to 2 minutes (*compared to 1 minute in optimal mix*)
  - Extended **opening hours during the week** (8am-7pm), but **no** weekend opening hours as desired in optimal mix
  - **No face-to-face enquiry service** (compared to enquiries at front desk at head office in optimal mix)

MEDIUM BUSINESSES

- **Medium businesses prefer a service mix that is 0.1% above the current bill** (or 0.2% above the optimal mix)
- To achieve this mix, medium businesses have 4 preferred increases from the optimal service mix:
  - **Increased** water service reliability (i.e. they will accept ***up to 3*** unexpected water interruptions per year compared to ***up to 4*** in the current optimal mix)
  - **Increased** sewerage service reliability (i.e. they will accept ***up to 2*** sewer blockages per year compared to ***up to 3*** in the current optimal mix)
  - **Increased** email response times to 1 business day (compared to 2 days in current optimal mix)
  - **Increased** assistance for residential customers in financial hardship through conducting checks in homes so they can become more water wise and provide rebates for appliances that help reduce water usage

LARGE BUSINESSES

- **Large businesses prefer a service mix that is 0.1% above the current bill** (or 0.2% above the optimal mix)
- To achieve this mix, large businesses have 5 preferred changes from the optimal service mix:
  - **Increased** water service reliability (i.e. they will accept *up to 3* unexpected water interruptions per year compared to *up to 4* in the current optimal mix)
  - **Increased** response time for water service to be restored (i.e. *2h 20 mins* compared to *2h 40 mins* in the current optimal mix)
  - ***Improved*** phone response times to 45 seconds (an increase in service compared to 1 minute in current optimal mix)
  - **Increased** email response times to 1 business day (compared to 2 days in current optimal mix)
  - **Increased** assistance for residential customers in financial hardship through conducting checks in homes so they can become more water wise and provide rebates for appliances that help reduce water usage

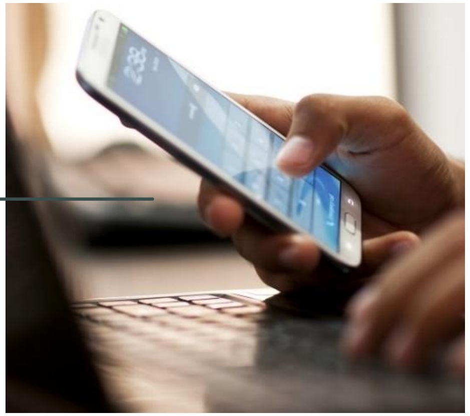
At what bill level do 'big ticket' items enter the mix?

Provision of recycled water

CWW continues to supply recycled water to those customers that currently receive it only (i.e. ceases offering to new housing and industrial/commercial estates)

Access to real time information

Digital water meters allow customers to have access to real time water usage information via website or app

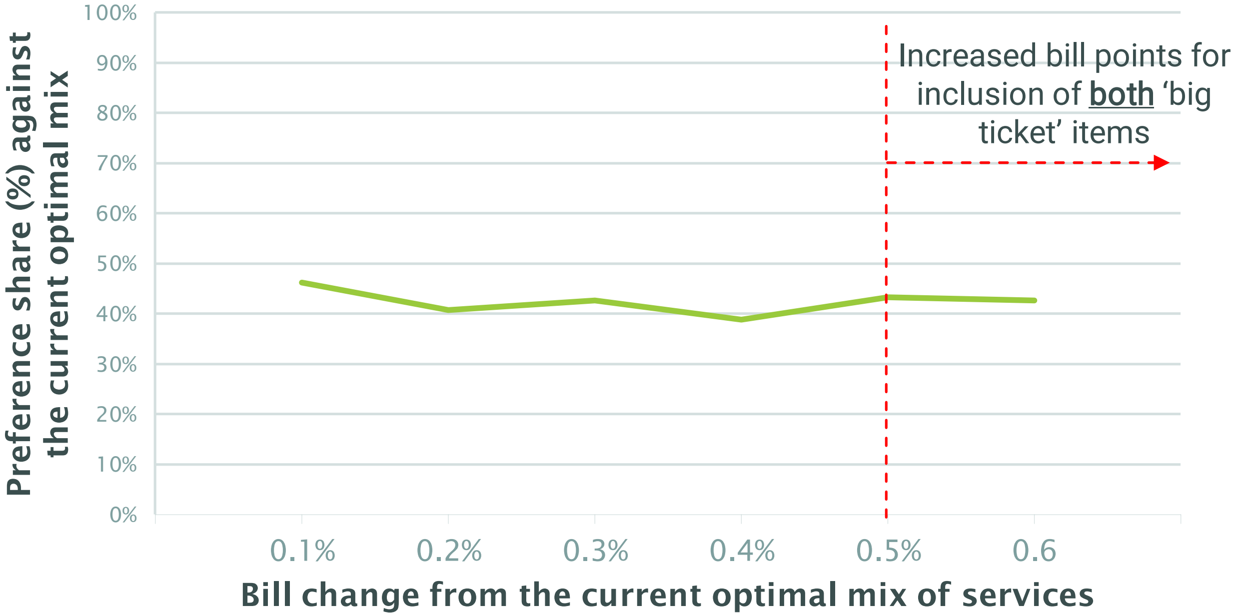


The 'big ticket' items (extending recycled water access and real time information) both enter the service mix at a bill of **0.4% above the current annual charge** (or 0.5% above the optimal mix); this achieves **a preference share of 43% against the optimal mix**. This indicates that they value these options enough to justify a small bill increase.

However, in order to **fit both services in the mix at the increased bill of 0.4%**, it requires 4 other adjustments to the optimal mix:

1. Reduced **phone response time to 2 mins** (compared to 1 min in optimal mix)
2. Extended **opening hours during the week** (8am-7pm), but **no** weekend opening hours as desired in optimal mix
3. Increased **email response times to 1 business day** (compared to 2 days in optimal mix)
4. Increased **assistance for residential customers in financial hardship** (i.e. include home checks for ways they can become more water-wise and provide rebates for appliances that help reduce water usage)

Residential preference share against optimal mix

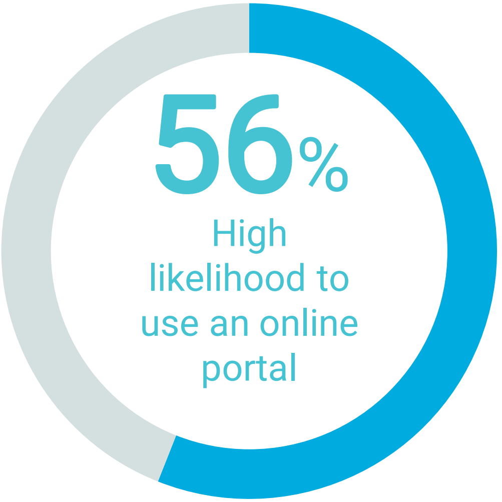


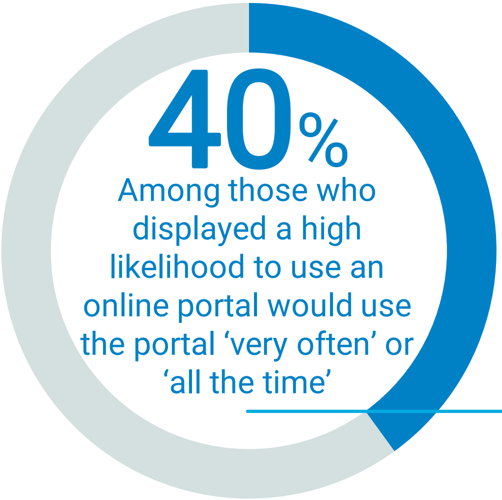
Interest in an online customer portal…

Interest in an online customer portal

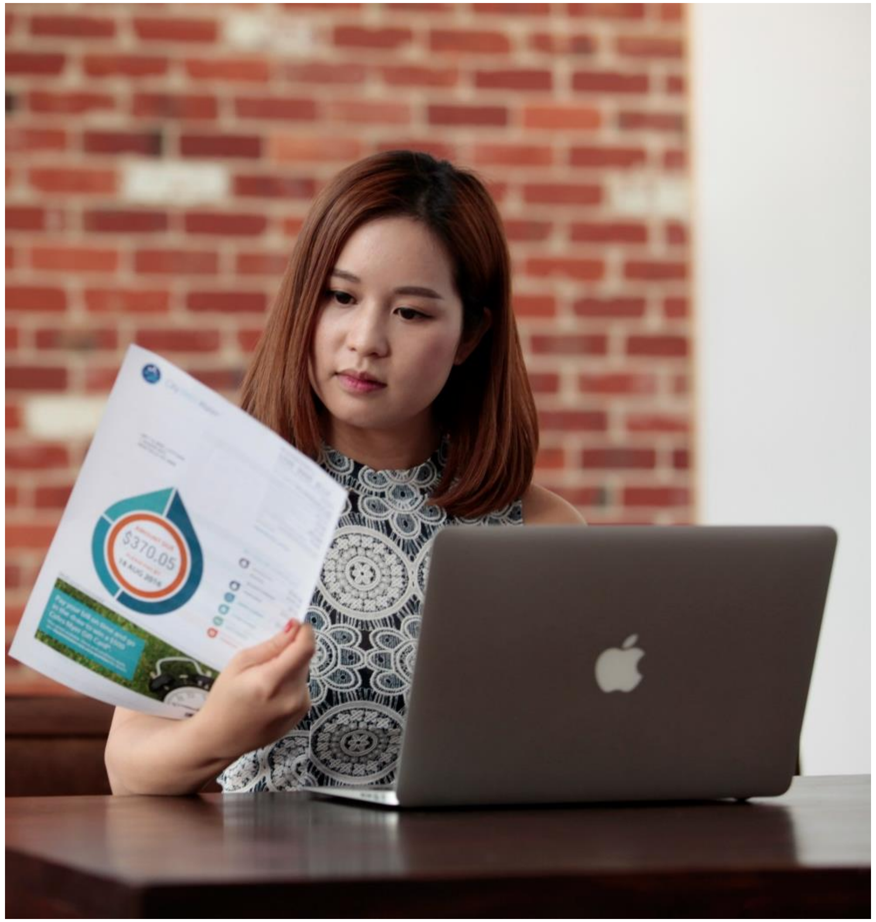
Just over half of Non-Residential customers displayed at least a moderate level of interest in potential use of an online portal (56% indicated they at least had a *good possibility*)—29% had a very strong interest.

Among this cohort around 2 in 5 would regularly utilise the online portal feature—only 0% would *hardly* use it suggesting its **availability would be a valuable resource on an as needed basis**.





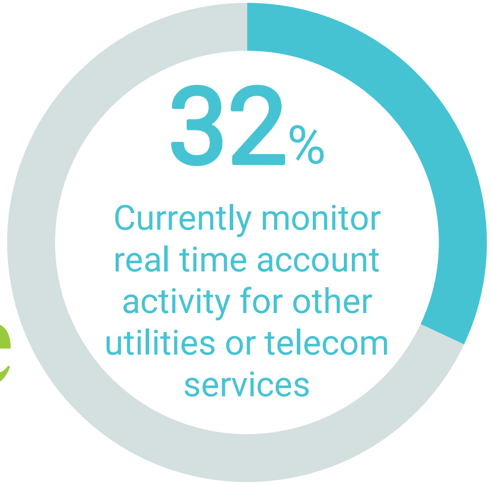
Factoring in <u>**all Non-Residential customers**</u> (i.e. includes customers who had a low likelihood to use an online portal), would see **23%** use the portal 'very often' or 'all the time'



QC1: If an online portal along these lines was available, how likely do you think you would be to use the portal? Base: All respondents (n=160)
QC2: How often do you think you would be likely to use the portal? Base: All likely to use the portal (n=90)

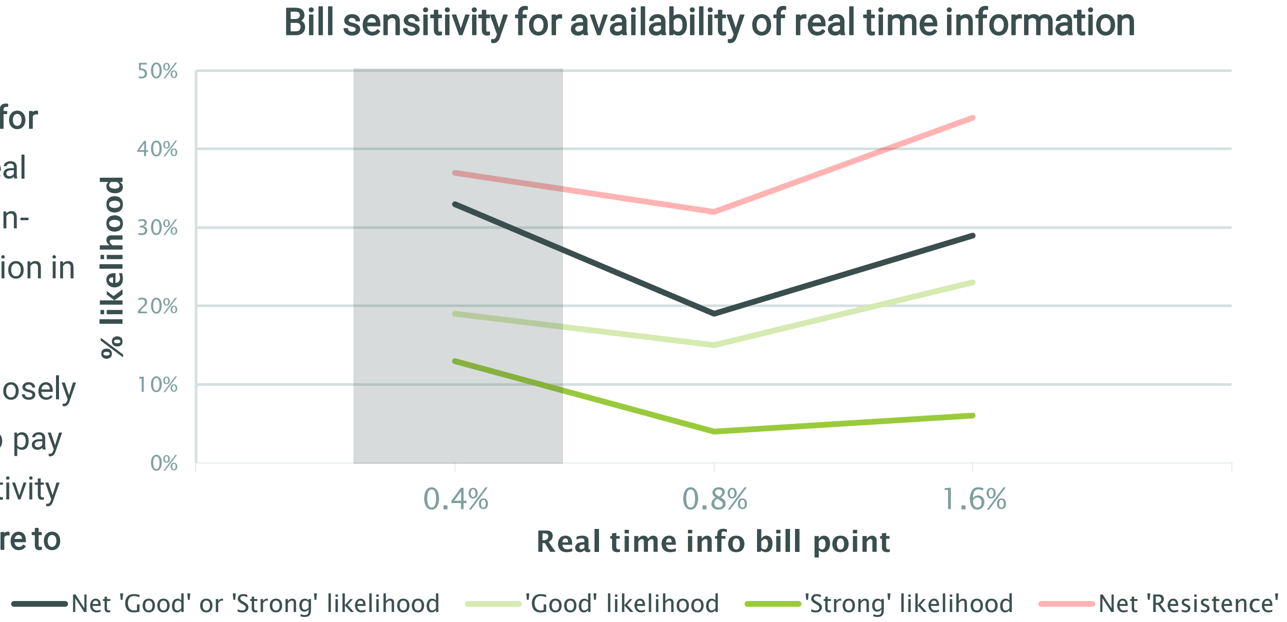
Willingness to pay for higher level services…

Willingness to pay for real time information



Broadly speaking, there are **mixed responses with respect to an appetite for access to real time information**. Despite only 32% currently monitoring real time account activity across or utilities or telecom services, nearly all Non-Residential participants (98%) opted for some level of real time information in their SIMALTO exercise.

However, analysis of their willingness to pay for such services is more closely aligned to their current real time monitoring behaviour (i.e. 27% willing to pay for real time information irrespective of bill amount). While pricing sensitivity analysis does not produce a traditional price curve, **if an extra charge were to be implemented it would need to be on the low end of 0.4%**.

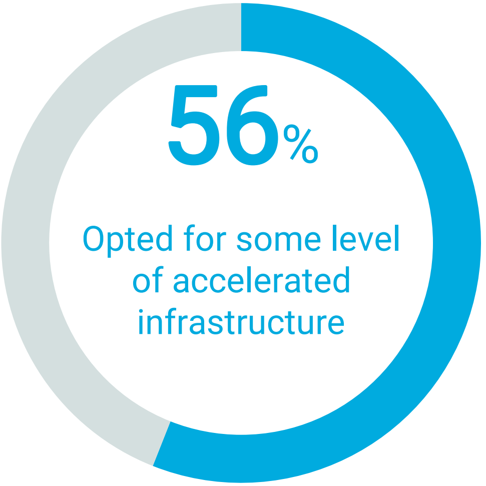


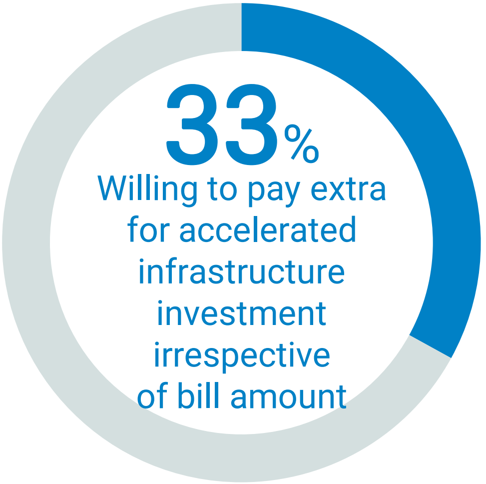
QC3: If CWW was to offer real time information to your organisation, how willing would you be to pay an additional 0.4%/0.8%/1.6% on your water and sewerage bill? Base: All respondents selecting Option 2 or 3 for activity type 5A in SIMALTO (n=157)
QC4: Do you currently use an app or website to monitor your organisation's account activity in real time for any other utilities or telecommunications services? Base: All respondents (n=160)

Willingness to pay for accelerated infrastructure

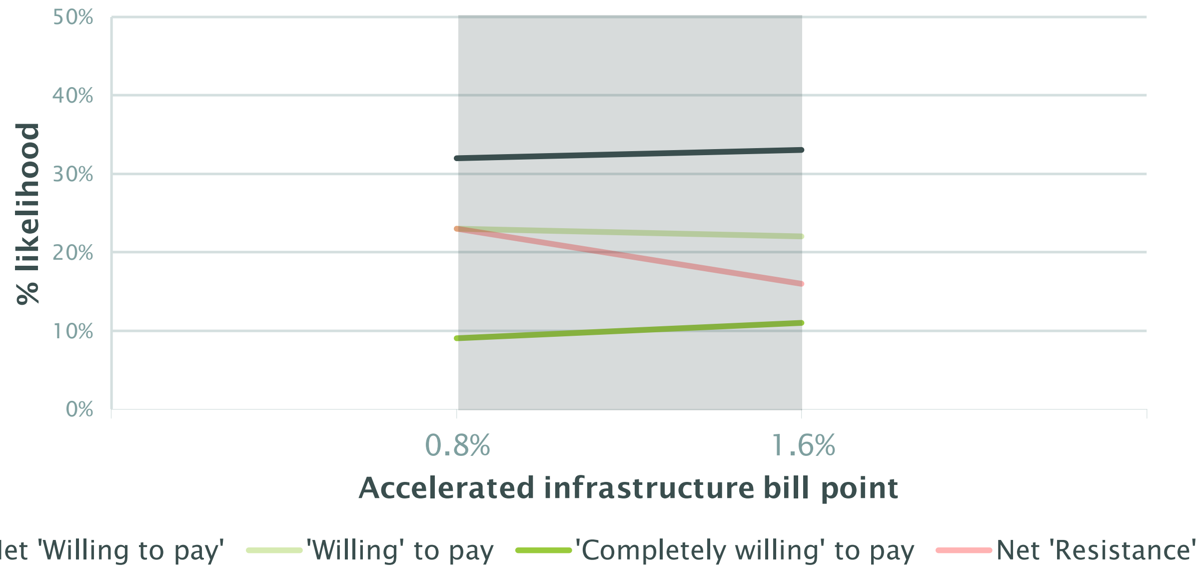
While 56% of Non-Residential customers opted for some level of accelerated infrastructure investment to meet future water demand requirements of a growing population at some point in their SIMALTO exercise, consistent with residential customers **it did not ultimately form a component of the optimal service mix for any sub group**.

Pricing sensitivity analysis suggests there is potential to charge up to 1.6% more for accelerated infrastructure, but ultimately it is a low priority service activity in context of the full offering provided by CWW.



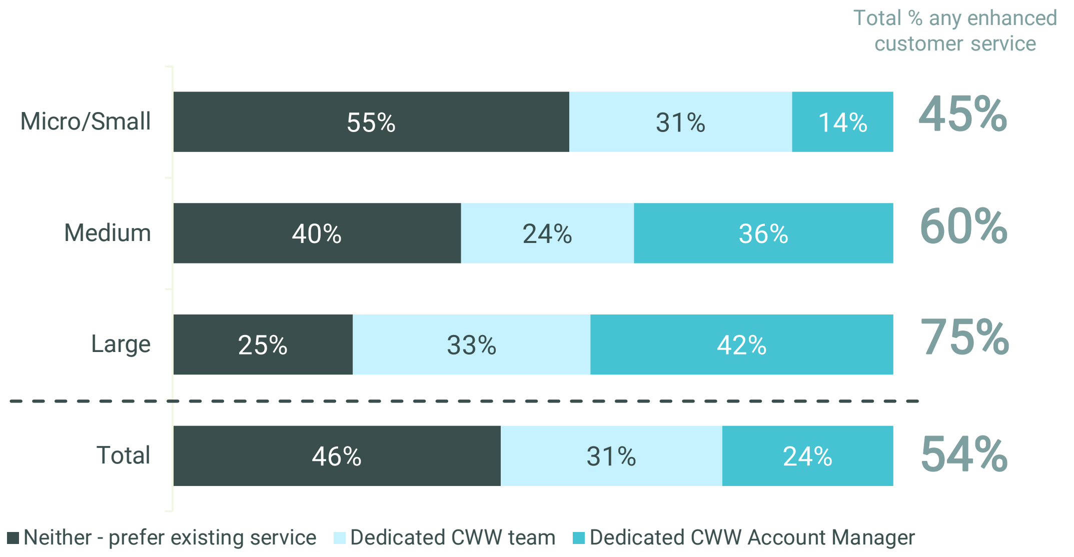


Bill sensitivity for infrastructure to cater for growing population



QC5: When you were making your choices earlier, you were asked about different ways of preparing for future population growth in Melbourne so that water supply system will ensure that adequate water is available to meet our needs beyond the next 10 years. If no action is taken, a large-scale project, like expanding the desalination plant, may be required as early as 10 years' time.
There are various ways that CWW could meet future water needs, but one option would be to construct enough local and regional scale water supply projects (e.g. stormwater re-use projects, recycled water) so that we could delay large-scale projects by 10 years, ensuring that adequate water is available to meet our needs for the next 20 years.
If CWW was to take this approach to securing our future water needs, how much would you be willing to pay an additional 0.8%/1.6% on your water and sewerage bill so that they could undertake this work?
Base: All respondents selecting Option 2 or 3 for activity type 6A in SIMALTO (n=89)

Willingness to pay for an account manager



16% willingness among Micro/Small

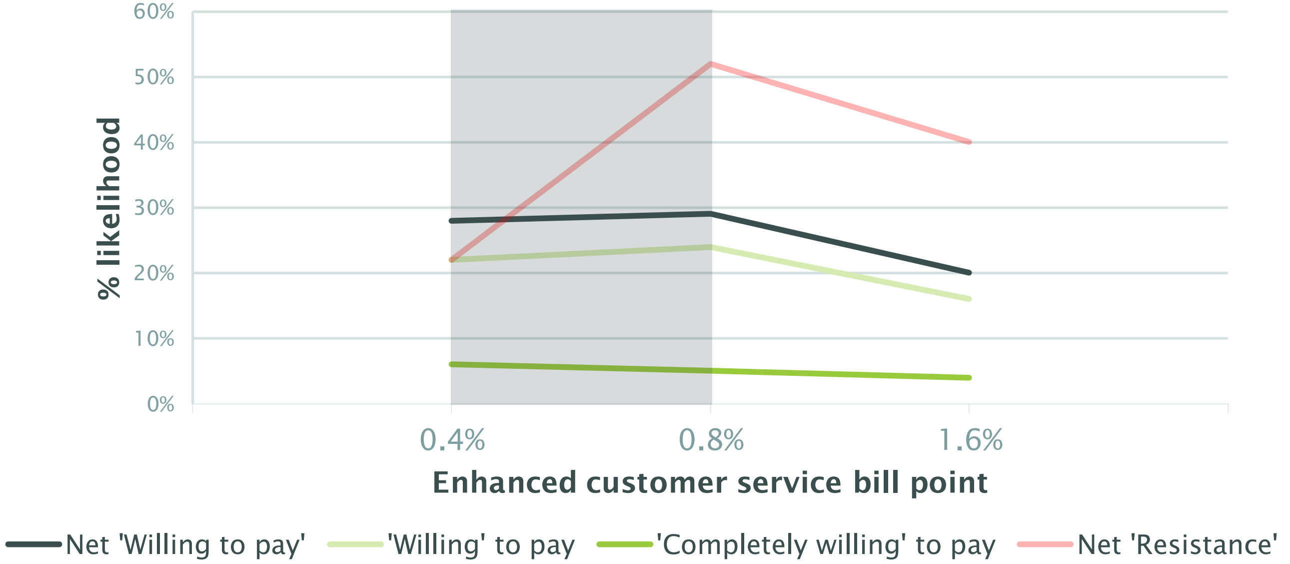
31% willingness among Medium

37% willingness among Large

At an overall level, just over half (54%) of Non-Residential customers expressed an interest in enhanced customer service—however, **appetite for such services is closely linked to the size of the business** (i.e. larger businesses).

Among those who opted for some level of enhanced customer service, pricing sensitivity analysis suggests there is only a willingness to pay an additional 0.4% on a quarterly bill for the service. Beyond this point, there is a considerably higher level of resistance.

Bill sensitivity for availability of enhanced customer service through an account manager



QC6: For most organisations that have account or service enquiries, the general CSC based in Footscray is able to answer simple account queries and refer complex queries to CWW departments to manage through to resolution. However, two further options for handling enquiries from organisations like yours are either currently available or being considered by CWW. Which of the following options would be most suitable for your organisation? Base: All respondents (n=160)

QC7: If CWW was to offer this enhanced Customer Service facility of <preferred option from QC6>, how willing would your organisation be to pay an additional 0.4%/0.8%/1.6% on your organisation's quarterly water and sewerage bill so you could access this service? Base: All respondents preferring enhanced customer service (n=64)

key take aways

NON-RESIDENTIAL CUSTOMERS' PREPAREDNESS TO PAY

The highest preference share was for a service mix **0.1% below the current bill level with a different combination of service levels** consisting of 6 service increases, and 4 service decreases across the 18 activities considered

TOLERANCE FOR A 0.1% HIGHER BILL

There is a **tolerance to pay for a service mix that is 0.1% above the current bill** (or 0.2% above the optimal mix)—there are 5 services upgrades relative to the proposed optimal service mix at this bill level which satisfy this solution (see page 31)

BUSINESS SIZE DICTATES SERVICE NEEDS

Businesses of **different sizes have a desire for subtlety different service mixes compared to the overall Non-Residential optimal mix**—only large businesses have a desire for real time information within their optimal mix

Comparing the Residential and Non-Residential optimal service mix

The optimal mix for Residential customers consists of...

DECREASED

SERVICE FOR 3 ACTIVITIES

- **Max 3 sewer blockages experienced by a customer in a year** (now 2)
- Maintain but **don't extend recycled water coverage**
- **Answer the phone in 1 minute** (now 45 seconds)

STATUS QUO

SERVICE FOR 7 ACTIVITIES

- **Restore water** services in 2h 40m
- **Restore sewerage** services in 2h 10m
- Offer **referral, payment plans, water checks** to customers in financial hardship
- No access to **real time information** for water usage
- Provide education materials via **website and leaflets with bills**
- Undertake and pay for large-scale infrastructure projects **when they are needed** to meet future water demand
- Achieve **net zero greenhouse gas emissions by 2030**

INCREASED

SERVICE FOR 8 ACTIVITIES

- **Max 3 unplanned water interruptions** experienced by a customer in a year (now 4)
- CWW builds a **major stormwater harvesting scheme** in each council to support green spaces
- **Respond to emails in 2 days** (now 10)
- Extend customer service hours to **8am-7pm weekdays plus Saturday mornings** (now 8:30am-5pm M-F)
- Provide access to **face-to-face** assistance at CWW head office
- Customers can access **$50 household checks** to identify ways to save water
- Provide **full financial relief** for customers with **large bills caused by leaks** (now limited)
- **Advocate and lead projects** for a greener West (only advises now)

The optimal mix for Non-Residential customers is broadly consistent with Residential customers—there are 3 differences in service activities

= STATUS QUO =

SERVICE FOR 8 ACTIVITIES

- **Max 4 unplanned water interruptions** experienced by a customer in a year
- **Restore water** service in 2h 40 min
- **Restore sewerage** service in 2h 10 min
- Provide **some financial relief** for customers with **large bills caused by leaks**
- No access to **real time information** for water usage
- Provide education materials via **website and leaflets with bills**
- Undertake and pay for large scale infrastructure **when they are needed** to meet future water demand
- Achieve **net zero greenhouse gas emissions by 2030**

DECREASED

SERVICE FOR 4 ACTIVITIES

- **Max 3 sewer blockages by a customer in a year** (now 2)
- Maintain but **don't extend recycled water coverage**
- **Answer the phone in 1 minute** (now 45 seconds)
- Offer **referral and payment plans** to customers in financial hardship (no home checks)

INCREASED

SERVICE FOR 6 ACTIVITIES

- CWW builds a **major stormwater harvesting scheme** in each council to support green spaces
- **Respond to emails in 2 days** (now 10)
- Extend customer service hours to **8am-7pm weekdays plus Saturday mornings** (now 8:30am-5pm M-F)
- Provide access to **face-to-face** assistance at CWW head office
- Customers can access **$50 household checks** to identify ways to save water
- **Advocate and lead projects** for a greener West (only advises now)

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Appendix
(Residential only)

The optimal mix of services among CWW website residential respondents consists of a service mix that sits $1 below the current bill

DECREASED

SERVICE FOR 4 ACTIVITIES

- **Max 5 unplanned water interruptions** experienced by a customer in a year (now 4)
- **Max 3 sewer blockages** experienced by a customer in a year (now 2)
- Maintain but **don't extend recycled water coverage**
- **Answer the phone in 2 minute** (now 45 seconds)

STATUS QUO

SERVICE FOR 7 ACTIVITIES

- **Restore water** service in 2h 40m
- **Restore sewerage** services in 2h 10m
- Offer **referral, payment plans, water checks** to customers in financial hardship
- Provide **some financial relief** for customers with **large bills caused by leaks**
- No access to **real time information** about water usage
- Undertake and pay for large-scale infrastructure projects **when they are needed** to meet future water demand
- Achieve **net zero greenhouse emissions by 2030**

INCREASED

SERVICE FOR 7 ACTIVITIES

- CWW **makes recycled water available** to an existing major park, garden or sports field in each council area
- **Respond to emails in 2 days** (now 10)
- Extend customer service hours to **8am-7pm weekdays plus Saturday mornings** (now 8:30am-5pm M-F)
- Provide access to **face-to-face** assistance at CWW head office
- Customers can access **$50 household checks** to identify ways to save water
- CWW also **holds education sessions** at schools and community centres
- **Advocate and lead projects** for a greener West (only advises now)

Distinguishing the **differences between the current optimal mix** and the optimal mix among respondents via the CWW website Link

RELIABLE WATER SERVICE

A decrease in service through a greater tolerance for unexpected water interruptions in a year of up to 5—currently a tolerance for up to 3 in the optimal mix

(a decrease in service from current operations which accounts for up to 4 unexpected water interruptions in a year)

RESPONSE TO PHONE ENQUIRIES

A decrease in service with respect to call response times by a Customer Service Operator with a tolerance for up to 2 minutes—currently a tolerance for up to 1 minute in the optimal mix

(a decrease in service from current operations which is at 45 seconds)

HELP FOR CUSTOMERS WITH A HIGH BILL DUE TO LEAK

A decrease in service where CWW provides some financial relief so long as the customer provides evidence that they fixed the leak quickly once advised by CWW—optimal mix accounts for full financial relief

(in-line with service from current operations)

CUSTOMER EDUCATION

An increase in service whereby CWW also holds education sessions at schools and community centres in addition to current services

*(an increase in service from current operations **and** optimal mix)*

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Closing the Loop

Customer Feedback on the Engagement and Consultation Process

Customer Verbatims

"Just wanted to thank you for the delightful way in which you have gone about organising the Price Submission Customer Committee.

My extensive experience of Government public consultation puts Hall and Partners' and City West Water's work up the top of the league table in terms of genuine commitment and quality, especially given the complex interests of government, viability and a public enterprise's commercial drivers that you need to balance.

I was particularly impressed with City West Water's and Hall and Partners' willingness to listen to our views on sustainability and look forward to seeing these reflected in the final community report and the final report to the Essential Services Commission. I also look forward to seeing that commitment reflected in City West Water's future communications with the community."

Customer Committee Member

“The outcomes proposal is well structured, it’s a straight forward summary reflecting all the discussion we’ve had …”

Customer Committee Member

“You would be familiar with what models people understand … from the pricing perspective it reflects what people have said and we will see if every measure will be done”

Customer Committee Member

“I’m happy with the whole lot… you’ve listened and it’s reflecting everything we talked about …”

Customer Committee Member

Customer Committee Feedback

“CWW are getting it right … it’s a reflection of what we’ve been considering and our concerns (and planned changes) are reflected in what was proposed by us. It’s great and refreshing to see we’ve been listened to so closely ”

Customer Committee Member

"My opinion of CWW has raised considerably by taking part in this process... I'm very pleased with the way CWW is handling environmental issues"

Residential Customer

"I feel CWW are trying hard to meet customer needs. They have listened to what people have said and most of the time have shown they can address issues that customers have had"

Residential Customer

"I have enjoyed participating in this process as I think it can be very powerful when companies seek the genuine opinions of the customers and what they want to see happening and show that they want to meet customer expectations"

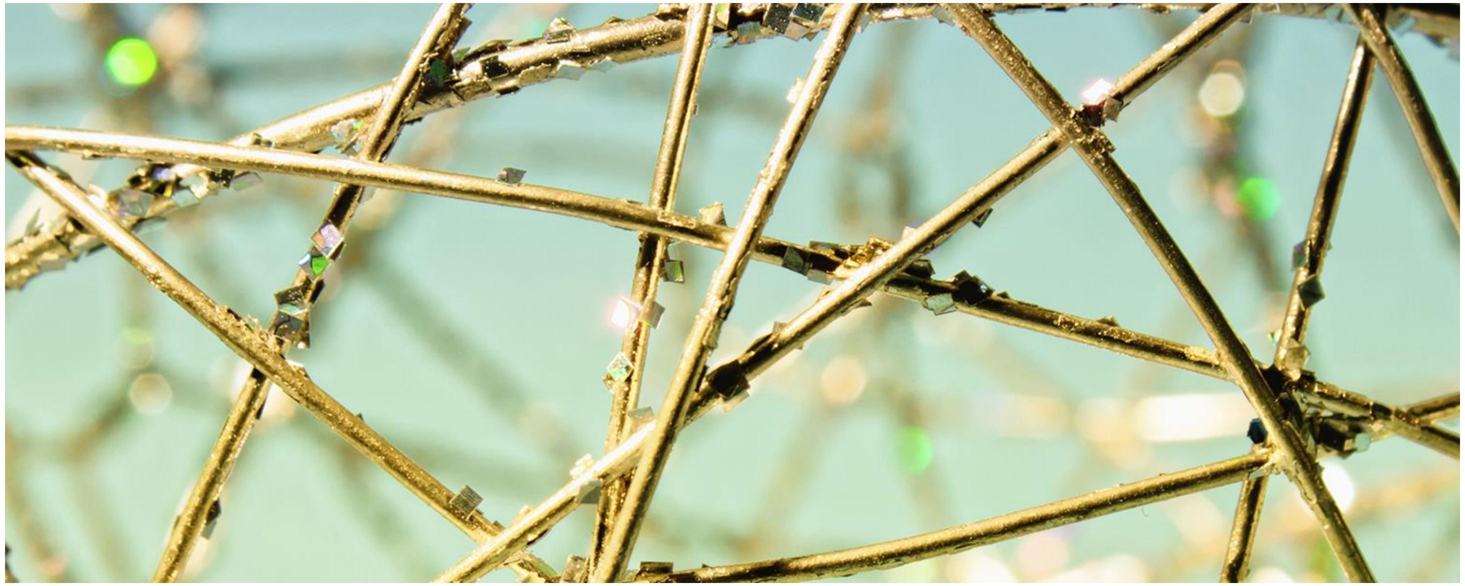
Residential Customer

"I think it's really great that CWW is seeking customer opinions and trying to implement actions to be in line with what customers expect"

Residential Customer

"I think it is great that CWW is collaborating with customers to provider better outcomes for the community"

Residential Customer



"I have surprisingly enjoyed being a part pf this process. If you ask me.. I already think they are doing good and trying their level best to keep the environment clean and green ..the proposal for July 2018 is also good… CWW have listened to what people have said and have shown they can address issues of customers very well."

Residential Customer

"The CWW customer outcomes proposal seems to be quite thorough. I'm quite impressed with the engagement process, good to see CWW cares about outcomes for customers… it's also good to see CWW acknowledges that climate change is real, as this will definitely impact water security in the future. It feels good to have been able to participate and contribute to the discussion"

Residential Customer

"I'm happy with the direction that CWW is moving in and it looks like you have some excellent management who are very forward thinking"

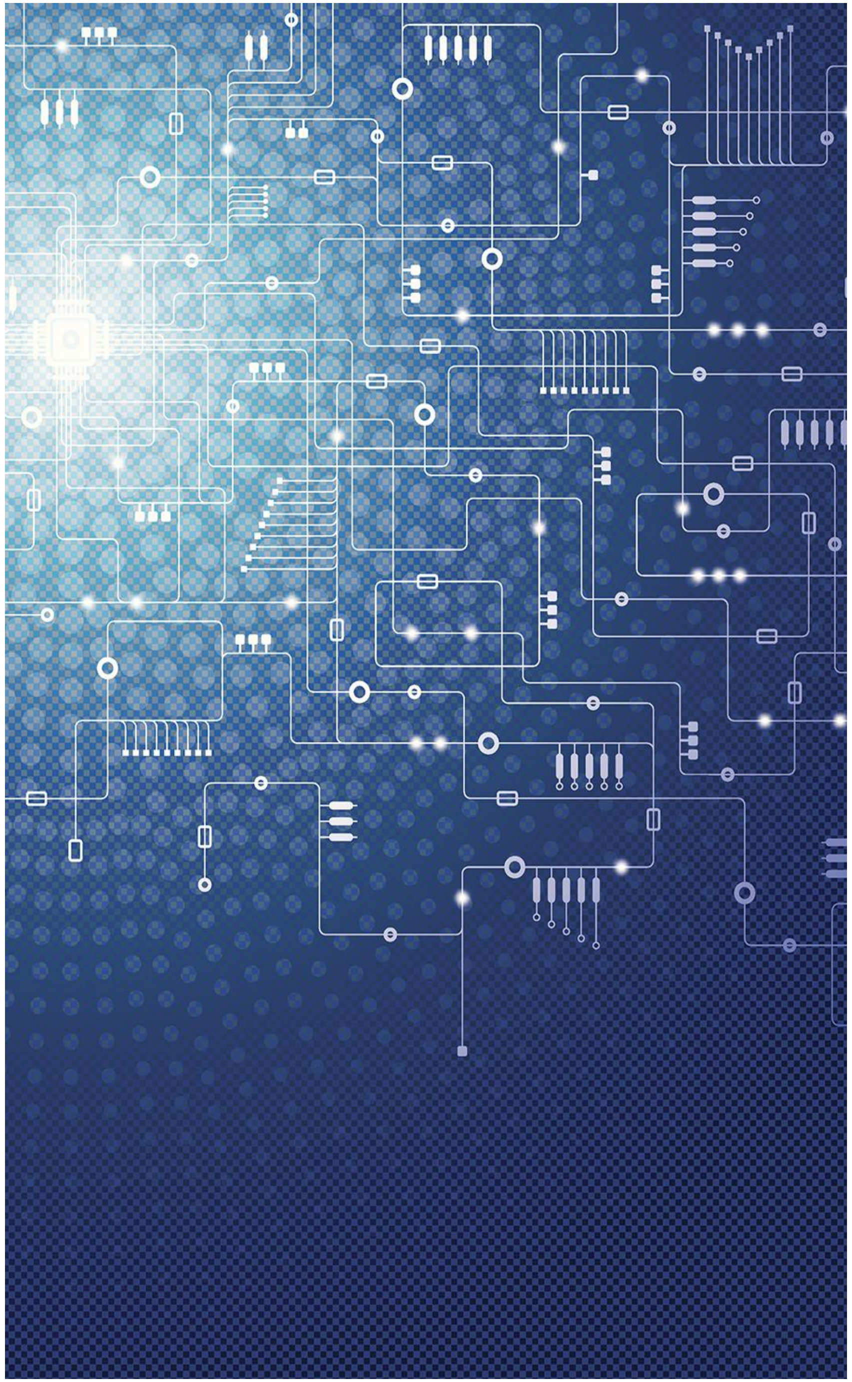
Residential Customer

"This has been an interesting (process to be part of) and I think that it is great that CWW are collaborating with customers to provide better outcomes for the community"

Residential Customer

“CWW delivers high quality water and services to a very large area and population , asking your customers how they feel and for their thoughts and ideas is very refreshing , we usually only think of CWW if the water does not come out when we turn on the tap , or when that bill arrives , so much more to CWW , and really like that they not only listen to us customers , but are prepared to act on this feedback.”

Residential Customer



**"I think CWW are working well and will certainly deliver successfully within the next 5 years.
It is great that they are consulting with their customers to better deliver their services and expertise. The initial survey and this follow up forum is a great way to communicate and consult."**

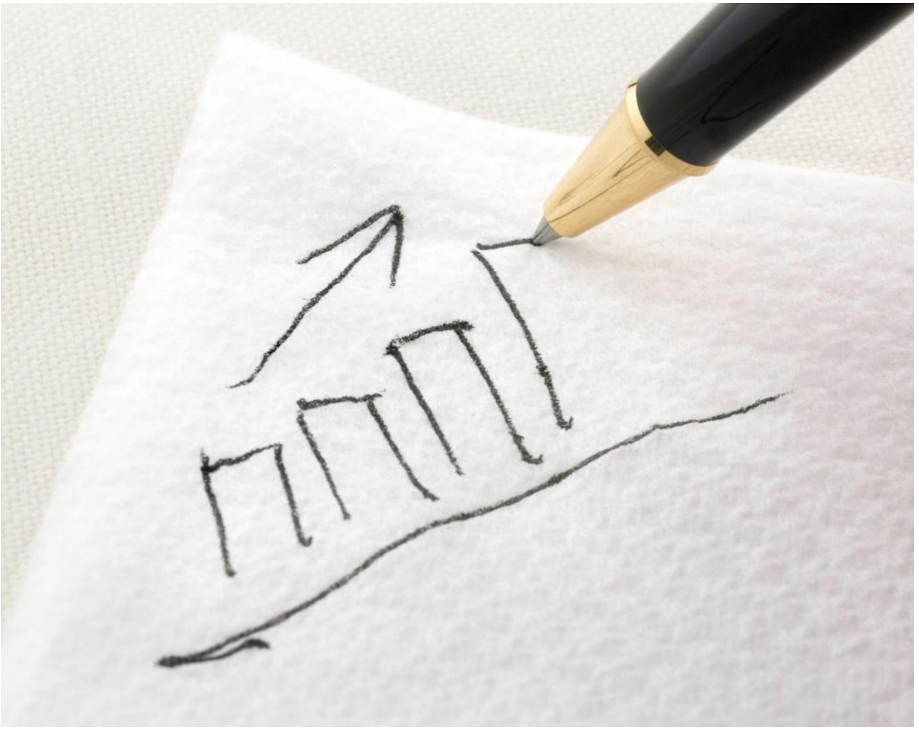
Non - Residential Customer

“I'm left feeling a lot more positive about CWW. I think it's great that customer feedback and views have been taken into account.

It's really important for any organisation these days, to understand the views of their customers, identify their 'pain points' and take steps to address these.

I also think it's a positive that CWW is so future-focussed”

Residential Customer



"CWW is doing great work they are providing 100+ billion of water to the customers per year. They are working very sincerely on each and every aspect they are hearing customers and proposing effects according to them."

Residential Customer

"CWW are being proactive in thinking about customer needs and wants…This has been fun and great to see how CWW have put some effort in."

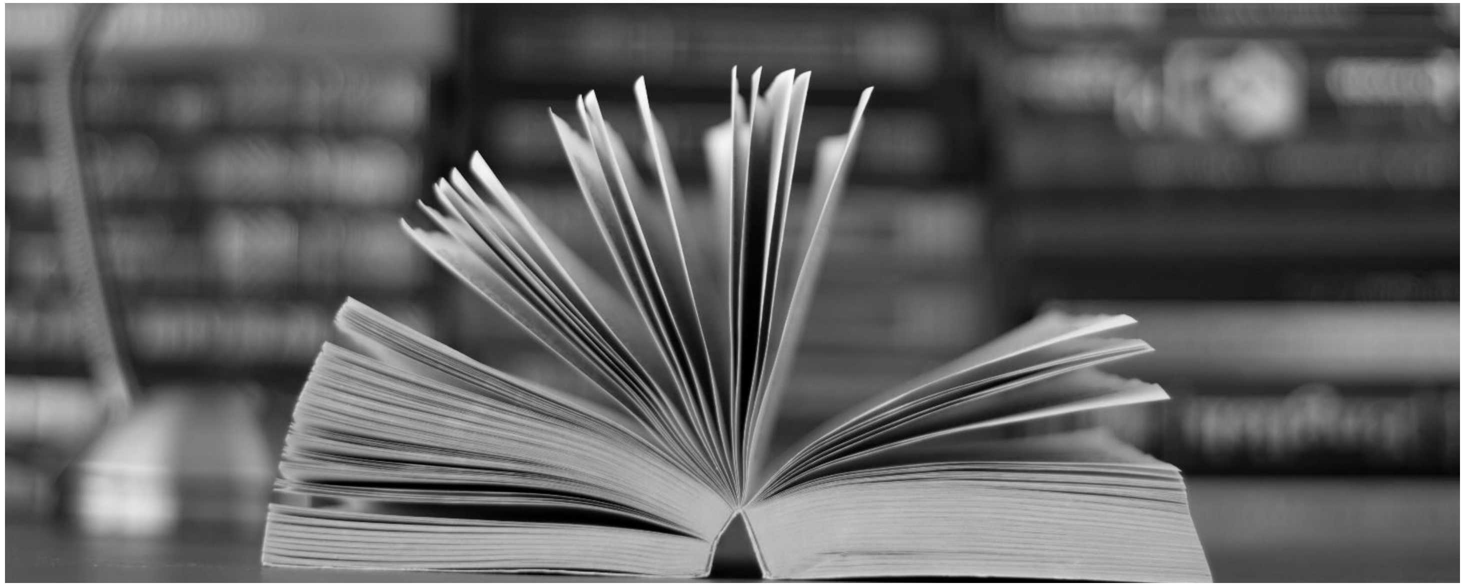
Residential Customer

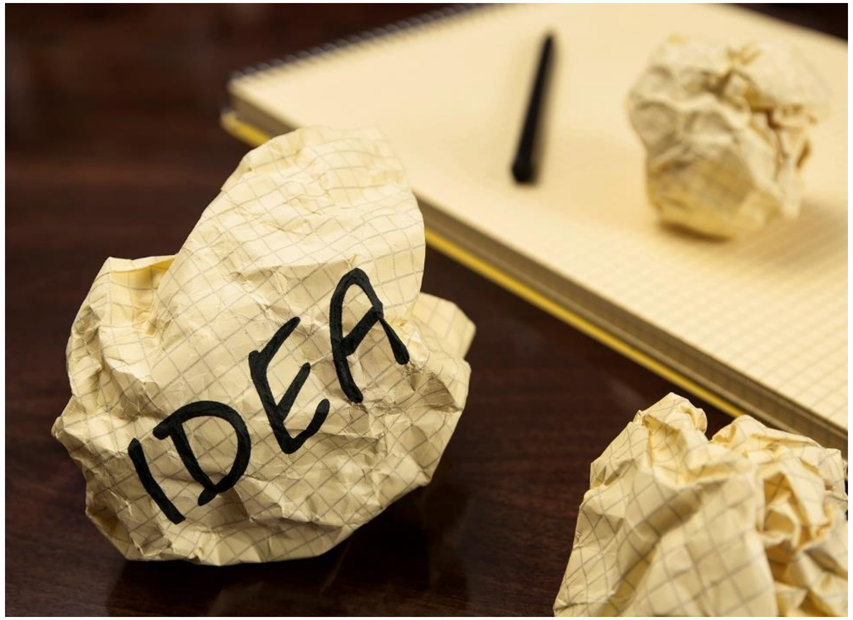
"I've really enjoyed participating in the engagement process and have a new-found respect for the work that CWW does."

-Residential Customer

"This has been an interesting exercise which has given me a forum to formulate and communicate my ideas, as well as have some say in what is going to be presented to the ESC."

Residential Customer





"I have more respect for CWW after completing this process and I found out new information. I believe they will be acting in our best interest for a better future"

Residential Customer

"I found participating in the engagement progress important as I feel I have expressed my opinion and have also heard other people's opinions within the community. Thank you for inviting me to participate"

Residential Customer

"I thank CWW for taking the time to engage with the consumer and allow them to provide into the 5 year plan. Many business would not bother spending the money or time in such a process"

Non Residential Customer

"I felt appreciated by participating in the engagement process I felt that my opinions are being heard"

Residential Customer

"I have been really impressed with CWW for taking the time to ask over two thousand customers their views and concerns about the performance of CWW"

Residential Customer

"Thank you for allowing me to be part of this process."

Residential Customer

"The experience has been positive and saw it as an opportunity to contribute my thoughts, so I thank you."

Non Residential Customer

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