

2022 Stakeholder Survey

Essential Services Commission

April 2023



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How to read this report

Percentages presented in this report are based on the total number of valid responses made to the particular question being reported on. In most cases, results reflect those respondents who expressed a view and for whom the questions were applicable. “Not applicable” and “don’t know” responses have only been presented where this significantly aids in the interpretation of the results. Percentage results throughout the report may not add up to 100% due to rounding or questions that allow respondents to give more than one answer.

Summary of key findings



The Essential Services Commission has conducted a survey of its stakeholders annually since 2017*, managed independently by ORIMA Research as an online census of all stakeholders. The survey seeks overall views of how the commission is performing, as well as more detailed feedback about how it interacts with stakeholders. In 2022, a total of 2,512 stakeholders were invited to participate in the survey, of which 258 responded. Despite a lower response rate than previous years, the **profile of respondents remained consistent** with previous years.

Overall satisfaction with how the commission performs its functions as a regulator had been relatively steady between 2018 and 2021, ranging from 58% in 2017 and increasing slightly each year to 64% in 2022 and retaining a relatively high 62% in 2021. However, overall satisfaction dipped more significantly in 2022 to 52%. While **declines were recorded across most stakeholder types**, satisfaction has steadily **increased among consumer/community representatives since 2018**—however, these make up a small proportion of respondents. Long-term declines over the same period were recorded among larger stakeholder groups: those dealing with regard to the energy market and VEU, and results for other large stakeholder segments (energy pricing, water, and local government) were lower when compared with 2021 results.

Regression analysis was completed to glean an understanding of the **key drivers of the commission's overall satisfaction**. The resulting model showed that five factors explain 84% of the variation in overall satisfaction. These 'key drivers', in likely order of influence, were: the perception that the industry/sector is treated fairly by the commission; the commission encourages innovation within industry; the commission focuses on important issues; overall satisfaction with the commission's communication; and the commission is trustworthy. Levels of sentiment across these drivers were mixed, with the relatively weakest driver—the perception that the commission is **trustworthy**—most positively rated (64% positive, 12% negative), and the strongest driver—**encouraging innovation**—least positively rated (34% positive, 30% negative). Perception on all key drivers (and most overall perceptions of the commission) had declined since 2021, with the largest key-driver decline relating to the commission **treating the stakeholder's industry or sector fairly** (47% agreed, down from 59%).

Across the survey, respondents assessed the commission at **four key interaction stages**. Aspects relating to **communication** from the commission, the process of **providing information to the commission** and **interactions with commission staff** remained relatively high and steady in 2022 compared with previous years, as did stakeholder ratings of the commission and VEU websites. However, perceptions of the commission's **consultation and engagement** declined, as did ratings on the commission's **outcomes and decisions**. Ratings of the commission's **processes** were also slightly subdued in 2022.

Respondents were given opportunity to provide free-text comments to the commission through the survey. A total 56 comments were provided by respondents in relation to **what is working well in the commission**, with most pointing to the commission's communication and engagement, particularly amongst consumer and community stakeholder groups. Stakeholders were also invited to provide comments on **what the commission could improve**. Of the 82 comments received, most related to: the commission's communication and consultation; its understanding of community expectations and industrial challenges; and its outcomes and decisions.

* Due to its timing coinciding with the start of the COVID-19 pandemic, the survey was not conducted in 2020.

Background and methodology



The Essential Services Commission engaged ORIMA Research to conduct an annual survey of its stakeholders, which commenced in 2017. The purpose of this survey was to assist with the evaluation of the commission's performance to help maintain and drive improvements in the way it operates as a regulatory entity. This report presents the results of the 2022 Stakeholder Survey.

The research employs an online census approach, whereby all 2,512 stakeholders were invited to participate in the survey in 2022. The survey was conducted between 29 November to 9 December 2022, including a one-week extension period. Of the 2,512 stakeholders invited in 2022, 258 responded, representing a response rate of 10%.

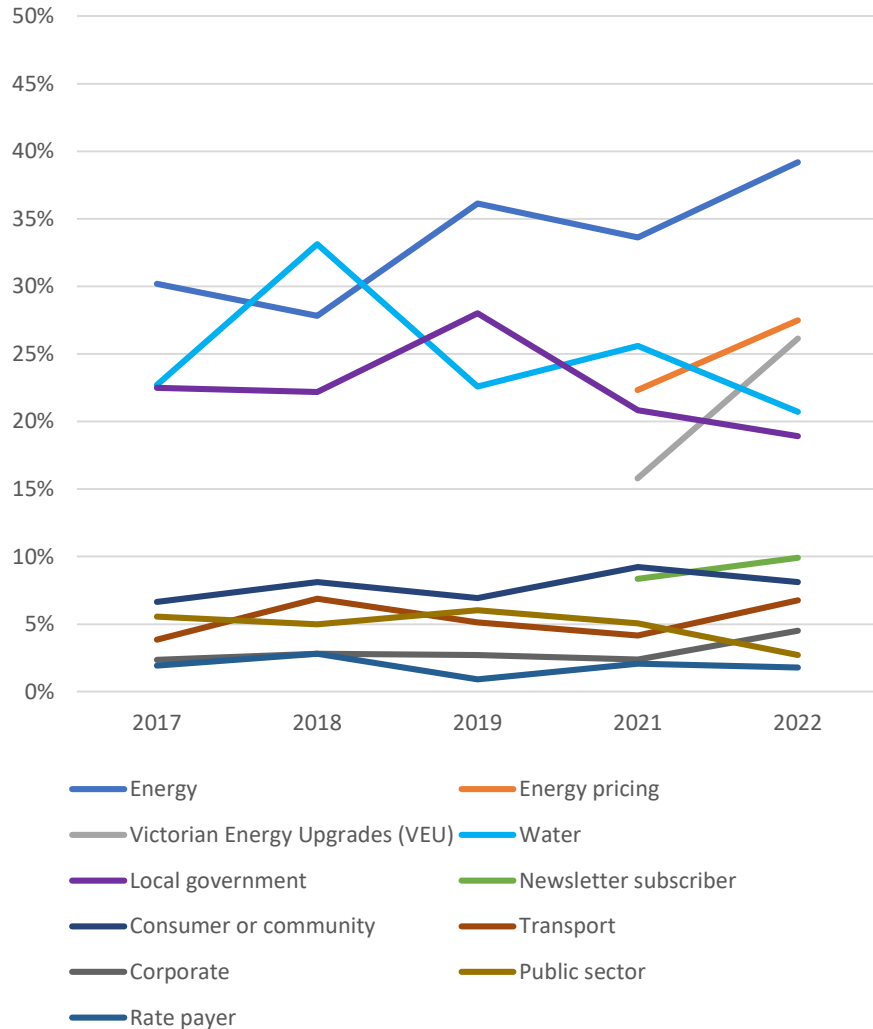
	2017 responses	2018 responses	2019 responses	2021 responses	2022 responses	2022 population	2022 response rate
Energy	99	89	120	113	87	298	29%
Water	96	106	75	86	46	84	55%
Energy Pricing	-	-	-	75	61	206	30%
Local Government / Rate payer	101	79	95	74	44	293	15%
Victorian Energy Upgrades	163	47	40	53	58	205	28%
Consumer or community	31	26	23	31	18	146	12%
Public sector / Corporate	26	23	28	24	14	-	-
Transport	19	22	17	14	15	45	33%
Newsletter	-	-	-	-	22	1,216	2%
Strategic communications	-	-	-	-	-	19	-
Total	549*	347*	357*	379*	258*	2,512	10%

* Respondents may belong to multiple categories, or may be unassigned.

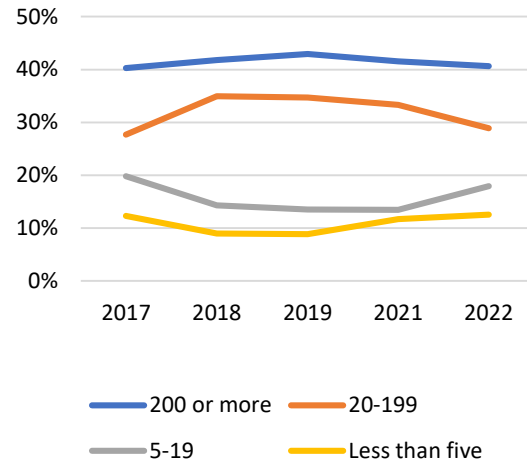
Respondent profile

As with previous survey cycles, most stakeholders interacted with the commission on energy-related matters (energy 39%, energy pricing 27% and Victorian Energy Updates 26%), largely similar to previous survey cycles. Other aspects of respondent profiles also remained similar.

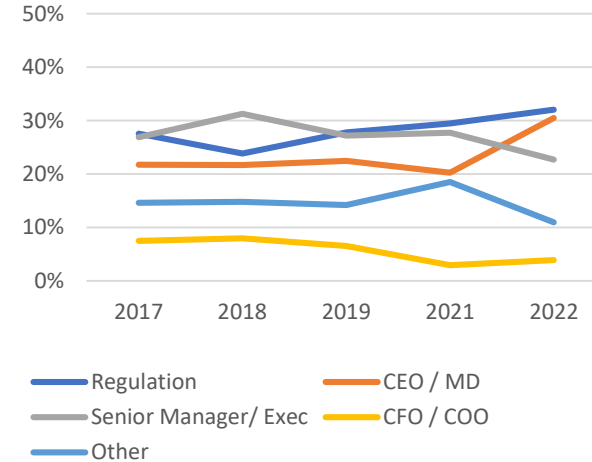
Purpose of your interaction with the commission



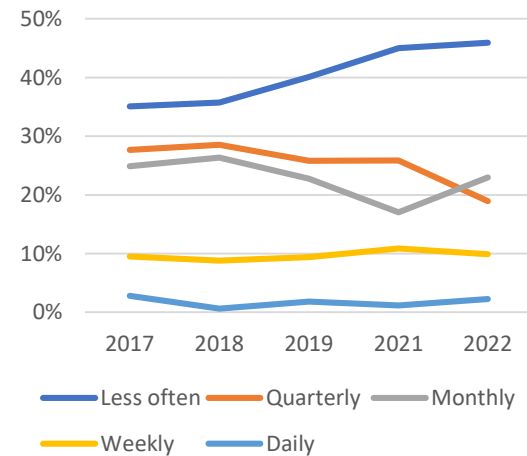
Number of employees



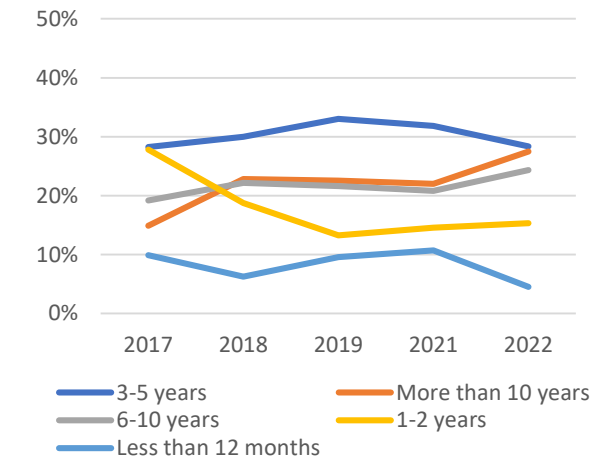
Role in business



Frequency of dealings (2022)



Time spent dealing with ESC

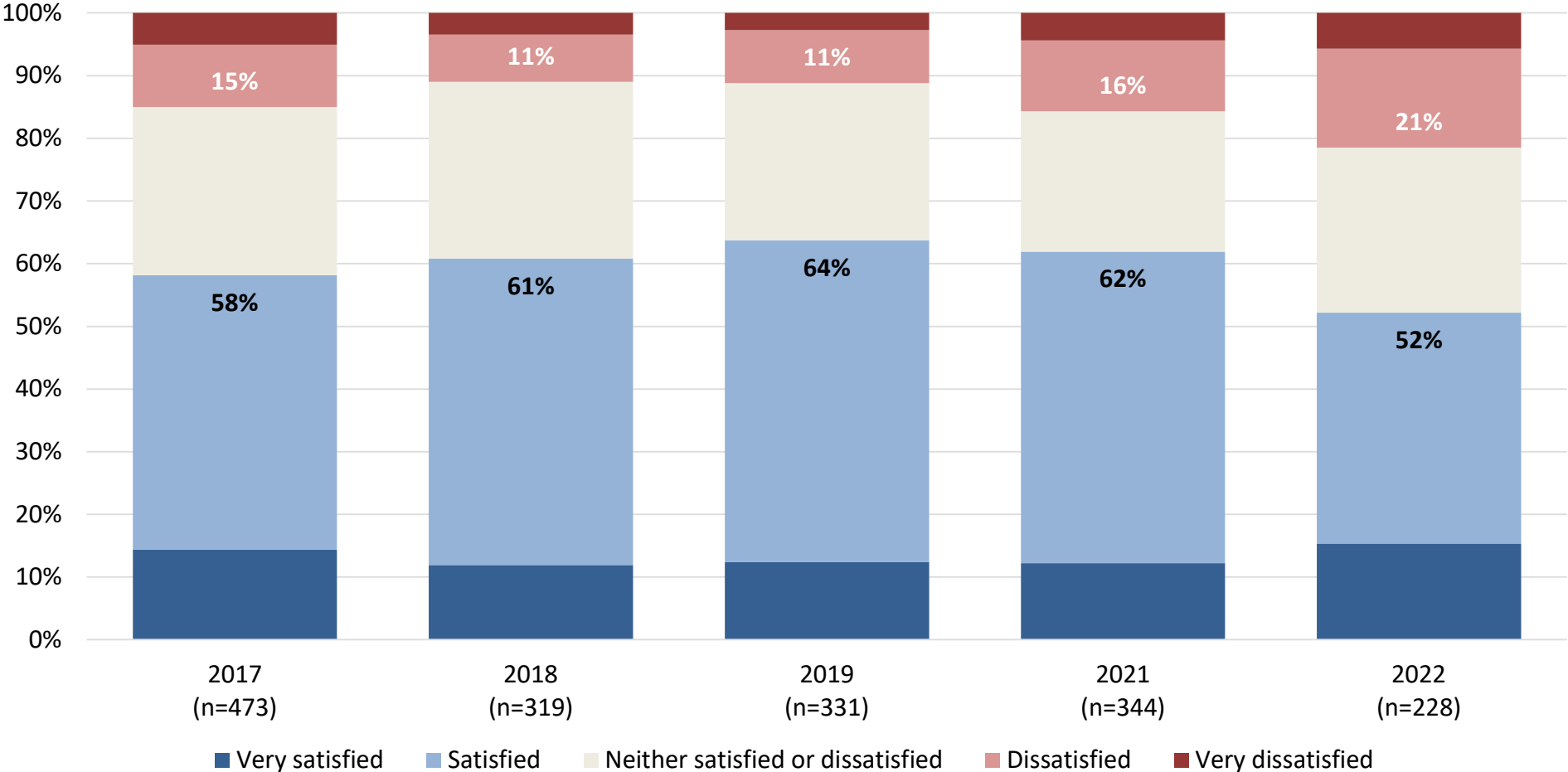


Overall satisfaction with the commission



Overall, 52% of stakeholders were satisfied with how the commission performs its functions as regulator, down from 62% in 2021 and 64% in 2019 (the survey was not conducted in 2020 due to COVID).

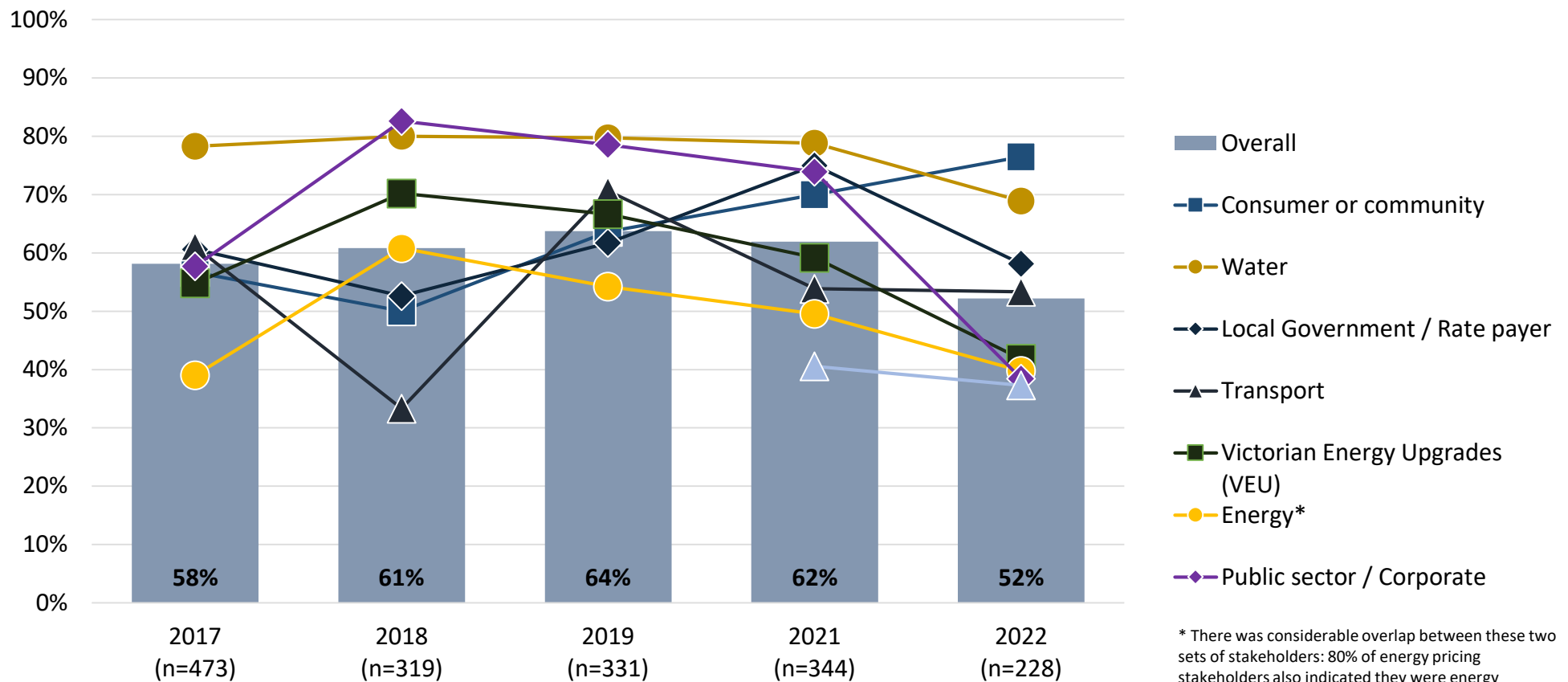
q29. Overall, how satisfied are you with how the commission performs its functions as a regulator? (% Very satisfied, Satisfied)



Stakeholder perceptions of the commission

There was considerable variation in satisfaction across different stakeholder groups, ranging from 76% (amongst consumer/community representatives, a group that represents 8% of the total number of survey respondents) to 37% (amongst businesses involved in energy pricing, representing 27% of respondents). The largest represented group in the survey (energy, representing 39% of survey respondents) recorded a relatively low level of satisfaction (40%).

Ratings in most stakeholder groups had declined since 2022, and longer-term declines from 2018 were recorded for three groups: public sector / corporate (declining from 83% to 38%, although most of the decline in this relatively small stakeholder group occurred from 2021-2022), VEU stakeholders (from 70% to 42%), and energy stakeholders (from 61% to 40%). One group of stakeholders had shown a steady *increase* in satisfaction over the same period: consumer/community representatives, rising from 50% to 76%). However, as noted above, this last segment comprises just 8% of stakeholders, while energy (39%) and VEU stakeholders (26%) were among the larger segments (comprising 58% of all stakeholders between them, taking into account some overlap between the two).

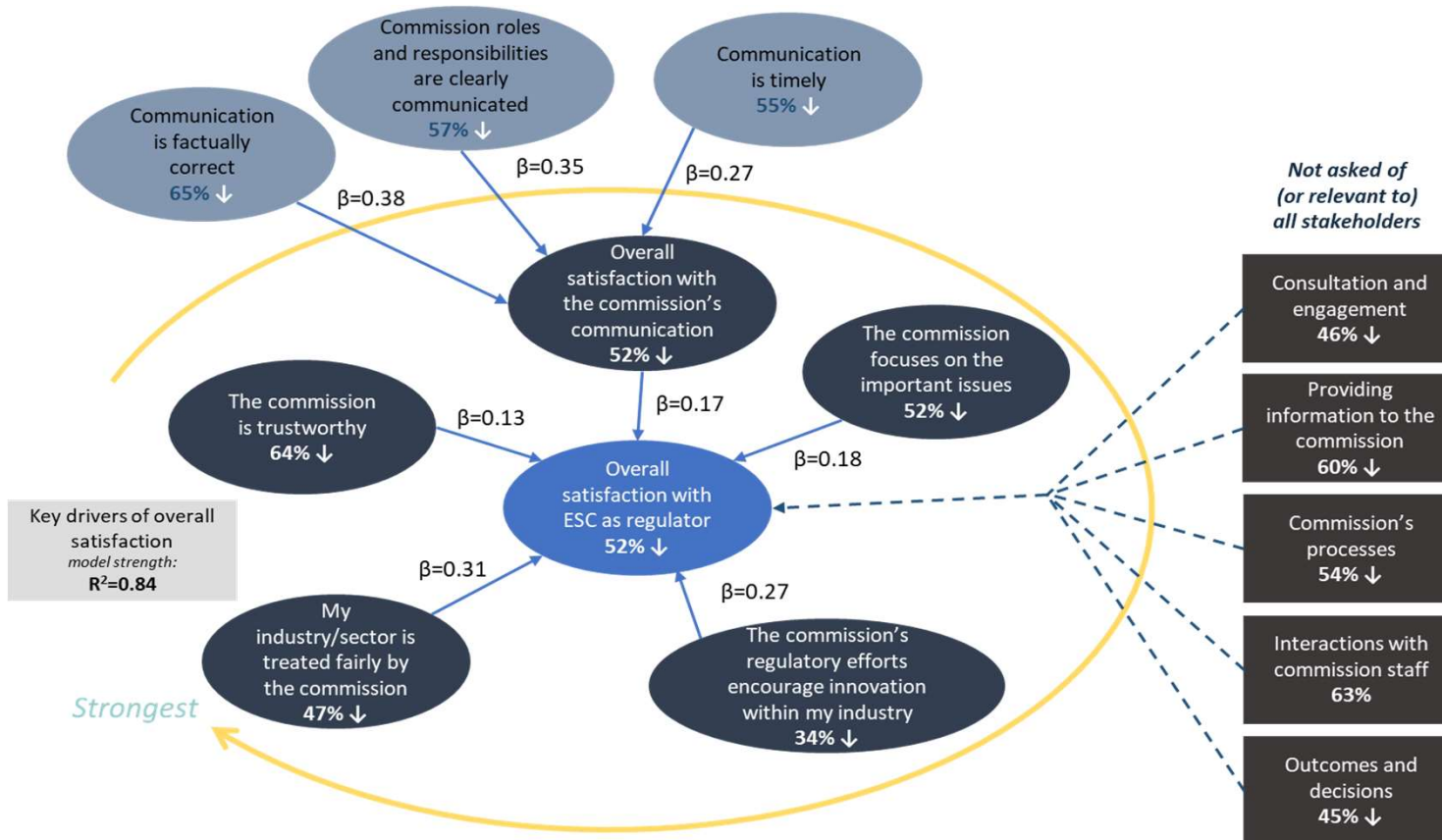


* There was considerable overlap between these two sets of stakeholders: 80% of energy pricing stakeholders also indicated they were energy stakeholders; 56% of energy stakeholders were also involved in energy pricing.

Key drivers of satisfaction

The survey was designed to measure stakeholder perceptions across a range of key areas, all of which are aimed at helping determine how the commission performs its functions as regulator. A regression model was developed to determine the key drivers of overall satisfaction. The resulting model shows that there are five key drivers that help explain 84% of the movement in the overall satisfaction with the commission as a regulator.

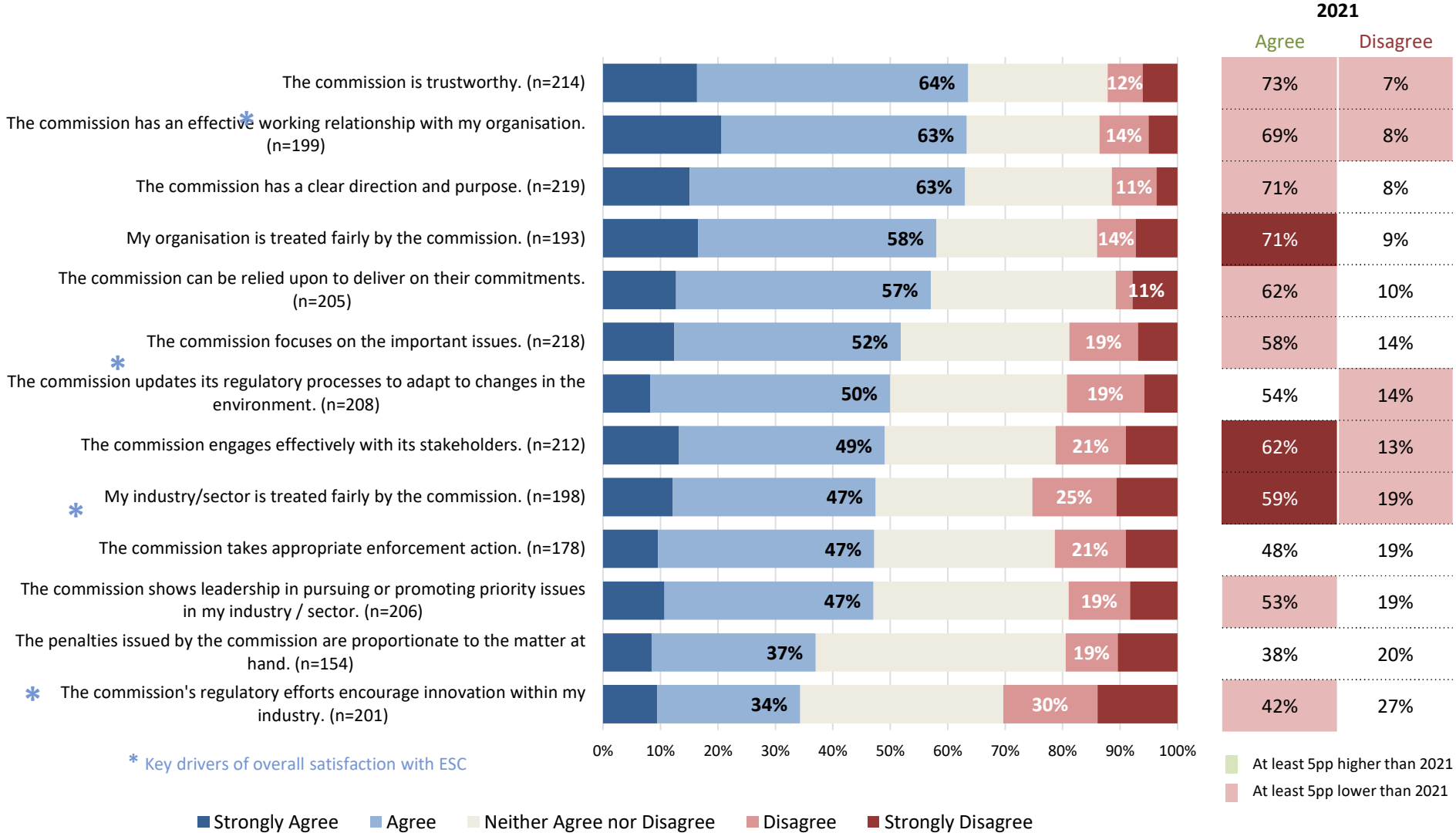
- Perception that the industry/sector is treated fairly by the commission was the largest driver of satisfaction with a Beta score of 0.31. This metric recorded a relatively modest rating of 47% in 2022 (down from 59% in 2021 and 64% in 2019)
- The second-most significant driver of overall satisfaction was in relation to encouraging innovation within industry, with a Beta score of 0.27. Although this metric recorded a modest rating of 34% in 2022, this level of satisfaction is lower than previous years (a range of 39-45% between 2018-2021).
- Other drivers which impacted overall satisfaction were: that the commission focuses on important issues (Beta score of 0.18); the overall satisfaction with the commission’s communication (Beta score of 0.17); and that the commission is trust worthy (Beta score of 0.13). Notably all of these additional drivers saw a decline in 2022.



Overall perceptions of the commission



Overall perceptions about the commission across a range of other metrics were mixed, with close to two thirds agreeing the commission is trustworthy, an effective working relationship with the stakeholder organisation, and a clear direction and purpose. Lowest-rated measures related to encouraging innovation in industry and issuing proportionate penalties. Most metrics (including four of the five key drivers of overall satisfaction) declined from 2021 results, with the largest declines relating to the commission treating organisations and sectors fairly, and engaging effectively with stakeholders.



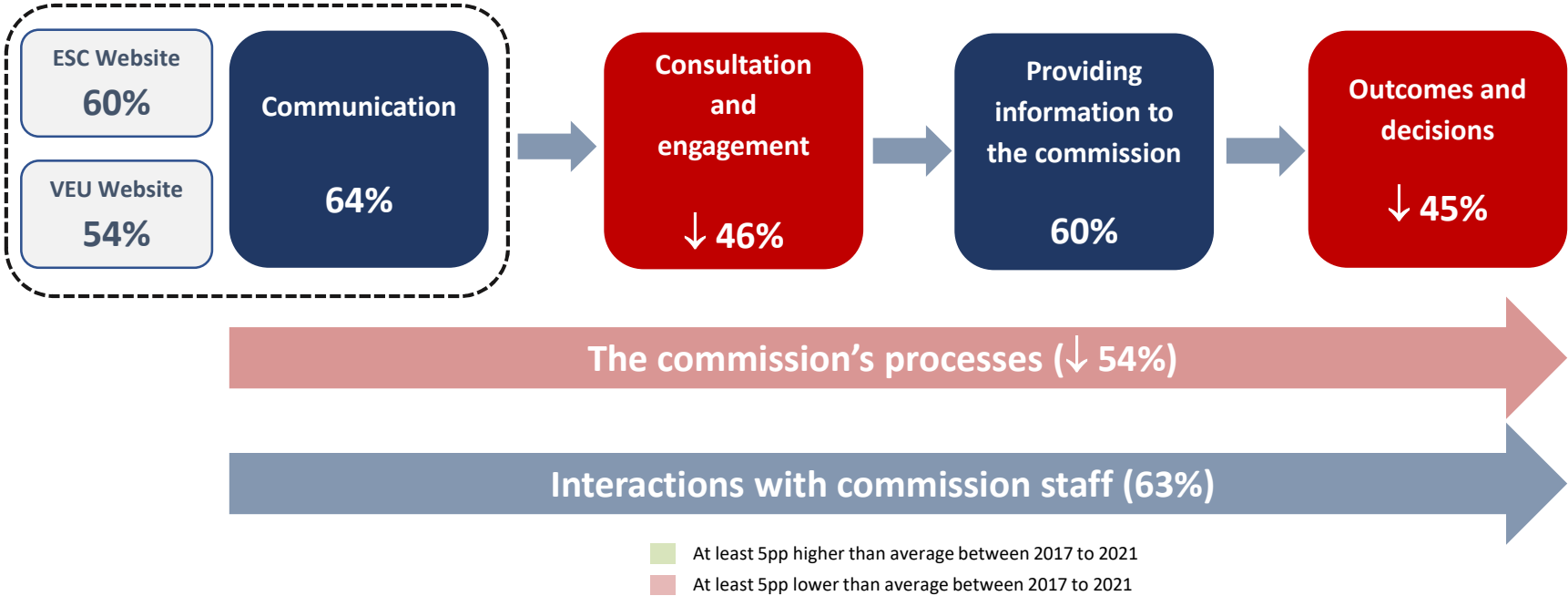
Interacting with the commission

Across the survey, respondents assessed the commission at different interaction stages. The chart below summarises the degree of positive sentiment at each stage.

The majority of respondents were satisfied with communication from the commission, including the usefulness of the commission and VEU websites, and with various aspects of providing information to the commission. However, ratings on the commission’s consultation and engagement processes were less positive than previous years (46%, down from 60% in 2021 and 68-75% prior to that), as were perceptions about the commission’s outcomes and decisions (45%, down from 51% in 2021 and 53-59% prior).

- The decline in ratings about consultation and engagement processes were largely driven by a decline in sentiment towards the commission providing opportunity for input, using appropriate engagement methods and fostering productive relationships with stakeholders.
- Declines in sentiment on outcomes and decisions were based on lower ratings about the fairness in decision-making, the accuracy of decisions and whether they are underpinned by evidence, robust analysis and sound reasoning.

Ratings of commissions processes also saw a slight decline, mostly due to lower ratings in the transparency of the commission’s decision-making process.



Summary of respondent comments

At the end of the survey, respondents were asked to provide comments as to:

- What ways the commission performs its duty well, and
- How the commission could improve its performance as a regulator.

What's working well

56 comments were provided by respondents in relation to what is working well in the commission, largely in relation to the commission's communication and engagement, and particularly amongst consumer and community stakeholder groups.

Communication and engagement

- **Reliable and clear** guidance from staff
- Great **website** design that is easy to navigate
- **Consumer focused/Customer engagement**
- Focus on the **protection of consumers** from poorly performing markets
- Acts to **protect consumers**
- **Assists industries** providing essential services to meet their obligations

What could be improved

82 comments were provided in relation to what the commission could improve, mostly relating to the commission's communication and consultation, understanding of expectations and challenges, and outcomes and decisions.

Communication and consultation

- Communicating outcomes in a **timely manner**
- More **transparency** and opportunities for **two-way discussions**
- **Timeliness** of reports, sharing of information, and being more cognisant to regulatory pressures to allow more time for consultation and implementation

Understanding of expectations and challenges

- Deeper understanding about **community expectations** across different sectors it regulates
- Deeper understanding on the **industrial challenges** that each sector faces
- Focus on **localised challenges and opportunities** of individuals businesses regulated by the commission

Outcomes and decisions

- Provide **more context and reasoning behind decision making**
- Better **consistency** across sectors

Thank you

We would also like to acknowledge and thank all the participants who were involved in the research for their valuable contribution and input.

This project was conducted in accordance with the international quality standard ISO 20252, the international information security standard ISO 27001, as well as the Australian Privacy Principles contained in the Privacy Act 1988 (Cth).