Water Plan 2008 to 2013

Feedback from Community Consultations

Prepared for Westernport Water

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Contents

Background and summary of key findings

Background

- In 2007 the Essential Services Commission (ESC) will be reviewing the price of water and wastewater services provided by Victoria's water businesses.
- In May 2007, each water business is required to submit a draft Water Plan to the ESC. In the Water Plan, businesses are required to detail the outcomes that they plan to deliver, including their service delivery standards and other outcomes, how they propose to deliver these outcomes, expected revenue to deliver the outcomes and their proposed pricing strategies.
  - The ESC also expects Water Plans to detail the consultations that the water business has undertaken in relation to the development of the Plan.
- Bartley Consulting was commissioned by Westernport Water to assist in the design and conduct of the customer consultation program and report on the findings.
- Westernport Water's preliminary[1] consultations associated with the preparation of the draft plan were conducted in two stages.
  - Stage 1 included a telephone interview survey of a random sample of Westernport Water's customers (100 permanent residents and 100 non-permanent residents) conduced in early March 2007 and an on-line feedback survey posted on the Authority's website from mid-March to Mid-April 2007; and
  - Stage 2 which included two customer workshops held in late March 2007.

1. A second consultation phase will occur after the draft Plan has been prepared.

Summary of key findings

Water quality improvements

- The survey confirmed that taste remains a key concern for customers, and from a customer perspective taste is the most important aspect of water quality that should be improved.
- However the survey suggested a reluctance to pay for water quality improvements, although there was some interest in providing “user pays improvements, in particular a water filter connected to the customer’s property that would be maintained by Westernport Water.
- Water quality improvements were further explored during the customer workshops, in particular improved treatment of the water, flushing and pipe cleaning and a water filter supplied and maintained by Westernport Water.
    - Most customers expressed a preference for Option 1 (improved treatment) and/or Option 2 (flushing and pipe cleaning), although a number of customers were concerned about potential water wastage from Option 2.
    - Most customers could not see the value in filtering the water for purposes other than drinking and cooking, and therefore they questioned the value of Option 3. However they agreed that if Option 3 was purely on a user pays basis then it was a solution to some customers’ concerns.

Water supply

- The survey results highlighted a number of impacts of the current Level 4 water restrictions on customers, particularly on their gardens and general increased care with their water use, but also on customers’ specific usage within their homes such as shorter showers and less frequent clothes washing.
    - Although most customers reported that the restrictions had significant impacts inside and outside their home, only one third of customers were willing to pay for guaranteed lower water restrictions.
        - Those customers who were willing to pay were more likely to be on higher incomes.

Summary of key findings

Water supply *continued*

- The survey also established that nearly half of Westernport Water's customers (44%) are currently supplementing their supply with tank water particularly for watering their gardens and for drinking/cooking water.
  - A number of customers were planning to increase their tank water capacity (26%) in the next 12 months (the capacity of most customers' tanks is currently less than 3,000 litres).
  - A significant proportion of customers had only recently bought a water tank (15%) in the last 12 months.
- The survey results showed that customers thought it was somewhat or very important that Westernport Water was independent in relation to its supply (59%). Customer feedback during the workshops confirmed this finding: they did not think it was viable to connect to Melbourne's supply and they were not confident that Melbourne Water would be able to provide them with a reliable supply, when Melbourne is also in a drought.
- During the workshops other options to increase the supply were explored.
  - Customers generally preferred Options 2 (Option 1 plus extend Candowie reservoir to increase its capacity by 500Ml) or 3 (extend Candowie Reservoir to double its capacity) or a combination of these. They generally thought that these options were the most cost effective, most sustainable in the long term and had the least impact on the environment (particularly Option 2).

Management of environmental issues

- The Annual Customer Satisfaction Surveys have continued to show that "Westernport Water's management of the environment is an important issue for customers. This survey provided a forum for Westernport Water to gain a better understanding as to the aspects of the environment are important to customers, both in terms of Westernport Water's role in educating and informing the community about ways to save water and other issues related to the environment and their management of its own impact on the environment.

Summary of key findings *continued*

Management of environmental issues *continued*

- The survey results showed that:
  - Customers clearly believed that Westernport Water has an important role in educating and informing *the community* about *ways to save water.*
  - However it was less important for Westernport Water to provide information on broader environmental issues:
  - Most customers thought that is was important for Westernport Water to undertake catchment works to improve raw water quality through plantings and fencing creek banks, as well as reducing its impact on the environment, and reducing CO^2 emissions from vehicles and electricity usage.

Methods of pricing

- During the customer workshops customers preferences were sought in relation to the method of pricing for water. The options included continuing with the current method of pricing, a step tariff structure with an affordable first tariff block and lower the service charge and raise volumetric charges.
- Among those customers who had a preference for the method of pricing, most preferred a step tariff structure with an affordable first tariff block.
  - They generally considered that this option was fairer - it encouraged users to pay for their water use and also encouraged water conservation.
  - However there were concerns that Option 1 did not include commercial customers – customers generally thought that they should also be covered by this option.

Stage 1: Quantification

Purpose and objectives

- The main purpose of Stage 1 was to increase the Authority's knowledge about issues associated with water quality and supply affecting customer and to use this information to identify issues requiring further investigation in the second stage.
- Specifically Stage 1 measured:
  - Customers' priorities for water quality (i.e. taste versus, odour versus colour etc);
  - Customers' interest in a range of individualised water quality improvement initiatives that could be provided by Westernport Water and customers' suggestions for other water quality improvements would be of interest to them;
  - The extent to which customers would be prepared to pay for water quality improvements;
  - Measuring the impact that the current Level 4 water restrictions are having on customers' activities and water use;
  - The extent to which customers would be prepared pay for an increased security of supply to minimise or avoid the need for Level 4 restrictions in the future.
  - Customers' preferences for water supply (groundwater versus connection to Melbourne Water);
  - The penetration of rainwater tanks as a means of supplementing domestic water supply; and
  - The importance of education in sustainability and environmental performance to customers and the extent to which they would be prepared to pay for increased education and information.

Survey overview

The telephone and online surveys were divided into five sections covering the following information areas:

Section	Issues covered
Section A: About the property	○ Type of property (residence/farm/other business/vacant land) ○ Whether the property was the customer's permanent place of residence
Section B: Water quality	○ Perceptions of the water quality and their satisfaction with it (this topic was covered as a basis of comparison with the Annual Customer Satisfaction Survey) ○ Aspects of the water quality that customers think the Authority should focus on, (including identification of the most important and least important aspects) ○ Willingness (and the amount) to pay for improvements to the water quality ○ Interest in a series of user pays initiatives to improve the water quality ○ Other suggestions to improve water quality
Section C: Water supply	○ Impact of current water restrictions on water use inside and outside the home ○ Willingness (and the amount) to pay for guaranteed lower levels of restrictions ○ Purchase and use of rainwater tanks, tank capacity, and the use of tank water ○ Importance of Westernport Water being independent in relation to its supply

Survey overview *continued*

Section	Issues covered
Section D: Environmental education	○ Importance of Westernport Water's role in educating and informing the community about the environment ○ Importance of Westernport Water's management of its own impact on the environment
Section E: Customer profile	○ Household size ○ Main income earner's employment status ○ Main income source on retirement ○ Total household income

Telephone survey processes

- The aim of the telephone survey was to ensure that data was gathered from a representative sample of customers and to allow the results to be generalised to the wider customer base.
- Bartley Consulting was responsible for the design of the questionnaire.
- A total of 200 customers were surveyed: 100 permanent residents and 100 non-permanent residents.
- The sample for the survey was obtained from Westernport Water's customer records. In June 2006, Sensis was engaged to perform a MacroMatch of telephone numbers on the sample of customer records for the 2006 Annual Customer Satisfaction Survey.
  - This sample was also used for this survey. To avoid issues of over surveying, customers who had been contacted for that survey were not included in this sample.
- Staff at Westernport Water's Customer Service Centre were informed of the survey so that if customers chose to call the Authority to verify that the survey was taking place, the staff could verify this.
- I-view Pty Ltd was subcontracted to undertake the interviewing.
  - A detailed briefing was held with interviewers at the commencement of the fieldwork. Interviewers were also provided with copies of the survey publicity materials.
  - Interviewing commenced on Thursday 8th March 2007 and was completed on Tuesday 13th March 2007.
- To comply with privacy legislation:
  - Bartley Consulting was only provided with a de-identified data file.
  - All identifying information was destroyed by I-view on completion of their role in the project.

On-line survey processes

- The aim of the on-line survey was to provide a supplementary forum where customers could provide feedback to the Authority.
- The on-line survey closely followed the design of the telephone survey.
- Bartley Consulting was responsible for the set up of the on-line survey.
- Westernport Water tested the survey, and once it had been finalised a survey link was uploaded by Westernport Water to their website.
- Customers who visited the website between 22nd March 2007 and 11th April 2007 were invited to click on the link to complete the survey.
- Over the survey period 10 online questionnaires were completed by customers.

Survey analysis

- A comparative analysis of the demographic profiles of the telephone survey respondents and the on-line respondents suggests that no customer completed the survey more than once.
- Therefore for the purpose of preparing this report, the results for the telephone and on-line surveys were combined.
  - We note that some customers may have completed the on-line survey after attending a workshop which may have affected their on-line survey responses.
  - However the number of on-line responses was so small that the overall impact would be negligible.
- The combined sample results were weighted to reflect the correct proportions of permanent and non-permanent residents in the population.
- The Report Appendices (issued as a separate document) contain detailed tables from the combined surveys.

Respondent profile

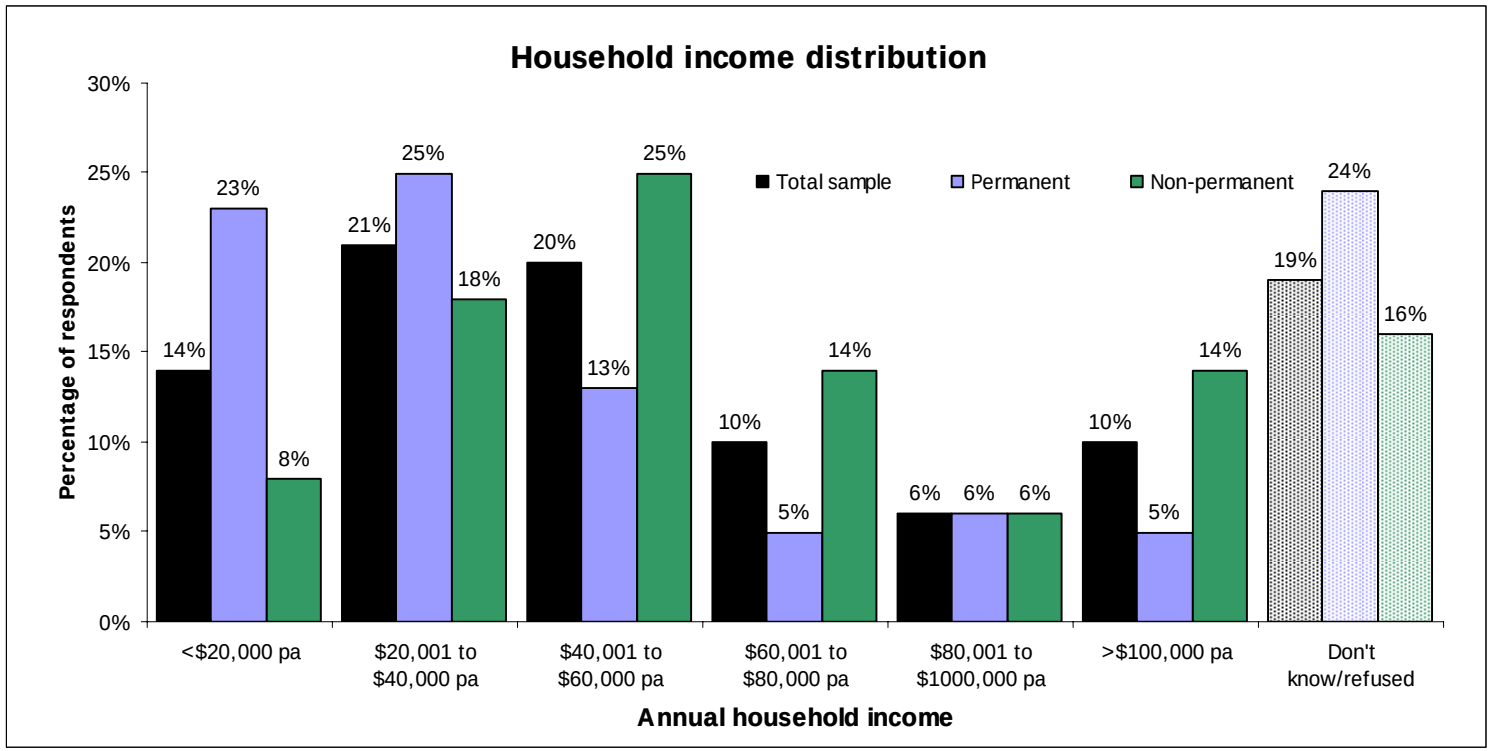
The characteristics of customers who participated in the survey component of the consultations are illustrated through the respondent profile.

- In total 210 customers participated in the surveys: 200 completed the telephone survey and 10 completed the online survey (107 permanent residents and 103 non-permanent residents).
- Among the permanent population, most were residential customers (98%).
  - 6% operated a business; and
  - 4% were farmers.
- All non-permanent customers had a residential property, one was also a farmer.
- The surveyed customers included a mix of employed people and retirees:
  - 39% of permanent residents and 57% of non-permanent residents were in full-time paid employment (49% overall);
  - 44% of permanent residents and 30% of non-permanent residents were retired (36% overall);
  - The balance were in regular part-time employment (7% overall), or casual employment (3% overall).
- 22% of respondents lived in single person households, 41% of were two person households and 29% were households with three to four people.
  - Permanent resident households were predominantly single or two person households, whereas two-thirds of non-permanent residents were from households with three to four people.
- Overall, 49% of respondents were in full time paid employment (39% of permanent residents and 57% of non-permanent residents and 36% were retired (44% of permanent residents and 30% of non-permanent residents).

Respondent profile

Household income

- Overall 14% of households had an annual income of less that $20,000 per annum. Notably low income earners were more likely to be permanent residents (23% compared to 8% of non-permanent residents).
- 34% of non-permanent residents had a household income of $60,000 per annum or more compared to only 16% of permanent residents.



Water quality

Water quality improvements - summary

What aspects of quality should Westernport Water focus on?

- Overall, relatively large proportions of customers continue to be dissatisfied with the water quality, with 25% giving an rating overall satisfaction rating between 1 and 4 out of 10.
  - The results were almost the same for permanent (26% dissatisfied) and non-permanent residents (24% dissatisfied).
  - Customers' dissatisfaction is closely associated with relatively high poor ratings on various aspects of the water quality as poor.
  - Taste continues to be the aspect of water quality that is of most concern to customers, with 41% of customers rating this aspect of the water quality as poor, this survey.
  - These results are consistent with the results from the Annual Customer Satisfaction Surveys.
- When asked to indicate the aspects of the water quality that Westernport Water should focus on, again taste was identified as an aspect to focus on by 67% of customers and the key issue for 61% of customers.
  - In contrast, the hardness of the water was considered by customers to be the least important aspect of water quality that needed attention.

Are customers willing to pay?

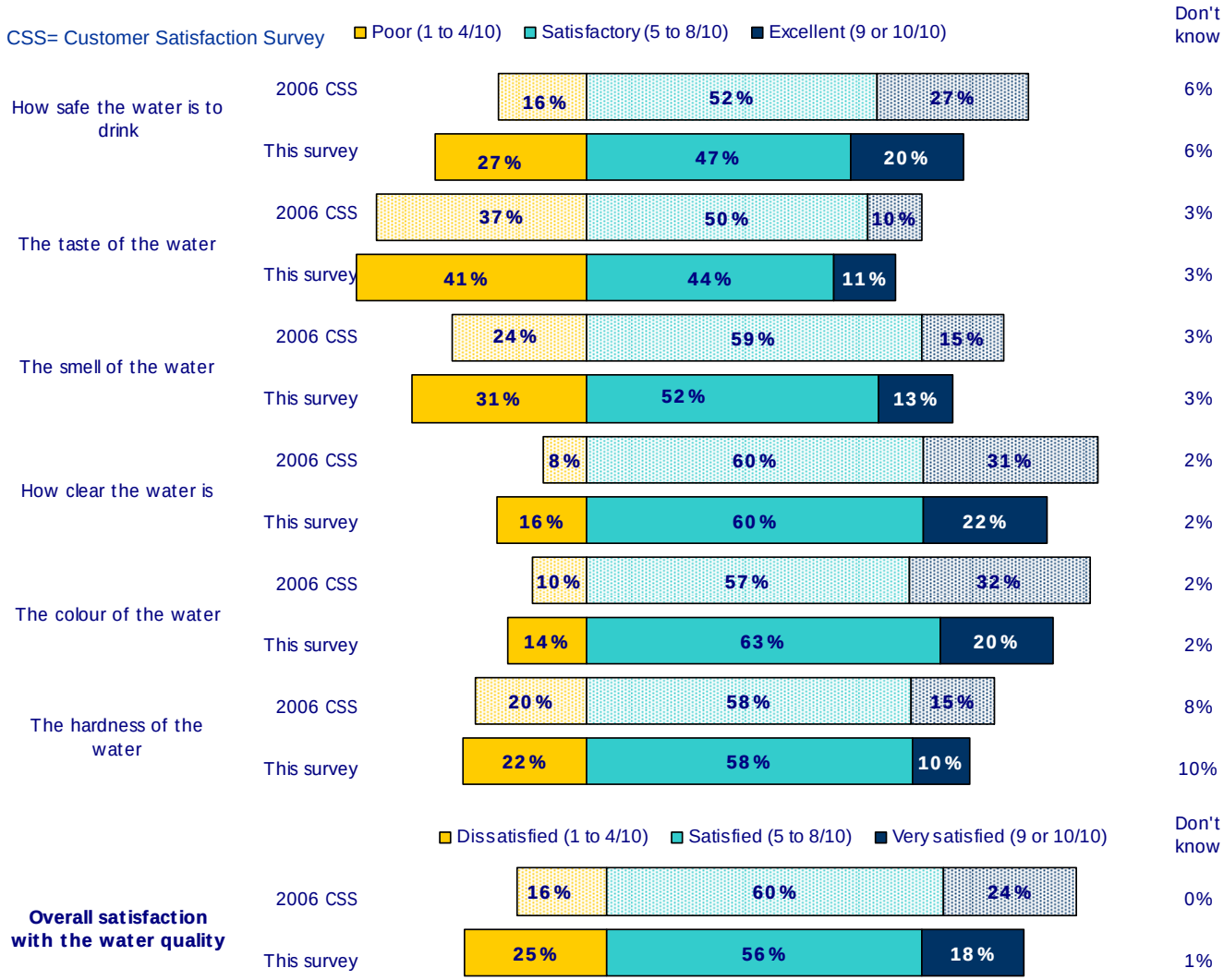
- Although taste is a very important issue to customers most customers (65%) were not willing to pay anything more for Westernport Water to improve the quality.
  - Those customers who were willing to pay were most likely to be middle to high income earners.
  - 56% indicated that they would rather pay the same price for the same quality.

Water quality improvements – summary *continued*

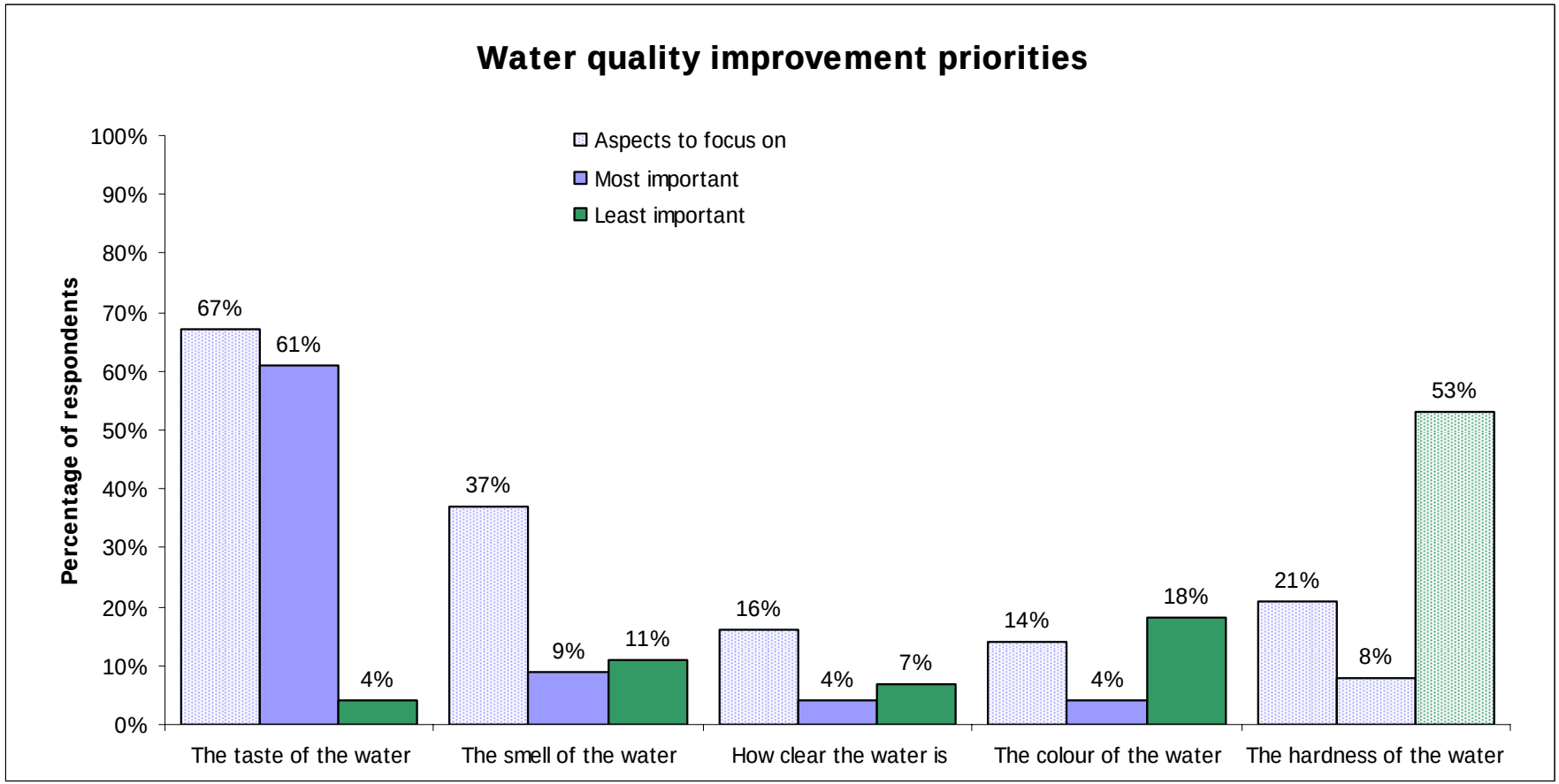
Are customers interested in any "user pays" initiatives that would improve the water quality?

- In response to concerns about water quality Westernport Water developed a series of "user pays" initiatives that would help improve water quality. They included:
  - Providing customers with a water filter that they maintain
  - Providing customers with a water filter that Westernport Water maintains
  - Providing customers with water audits and water conservation advice
  - Assessing the quality of the water that comes out of the customer's tank
  - Providing customers with property maintenance services to help maintain or improve the quality of their tank water
- Apart from the option of *providing customers with a water filter that Westernport Water maintains* interest in the options was moderate to low.
  - Overall 60% of respondents were somewhat or very interested in the option of being provided with a water filter that Westernport Water maintains (27% were very interested).
  - In contrast, less than 50% of customer were somewhat or very interested in the other options.
- Interest in the various initiatives was similar for permanent and non-permanent residents.
- There were no notable initiatives suggested by respondents to improve water quality – apart from increasing the water supply which many associated with a potential improvement in water quality.

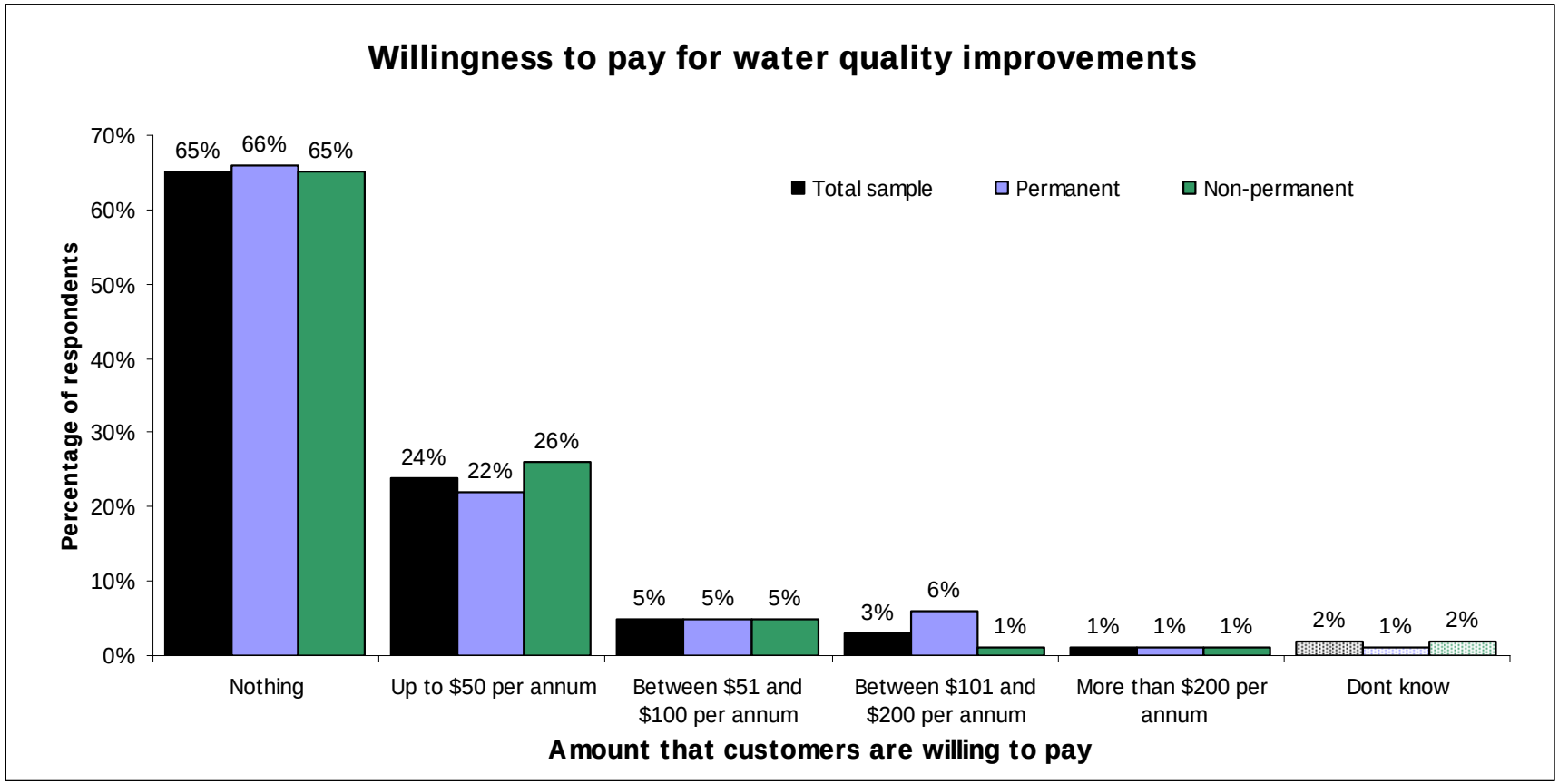
Water quality perceptions and satisfaction



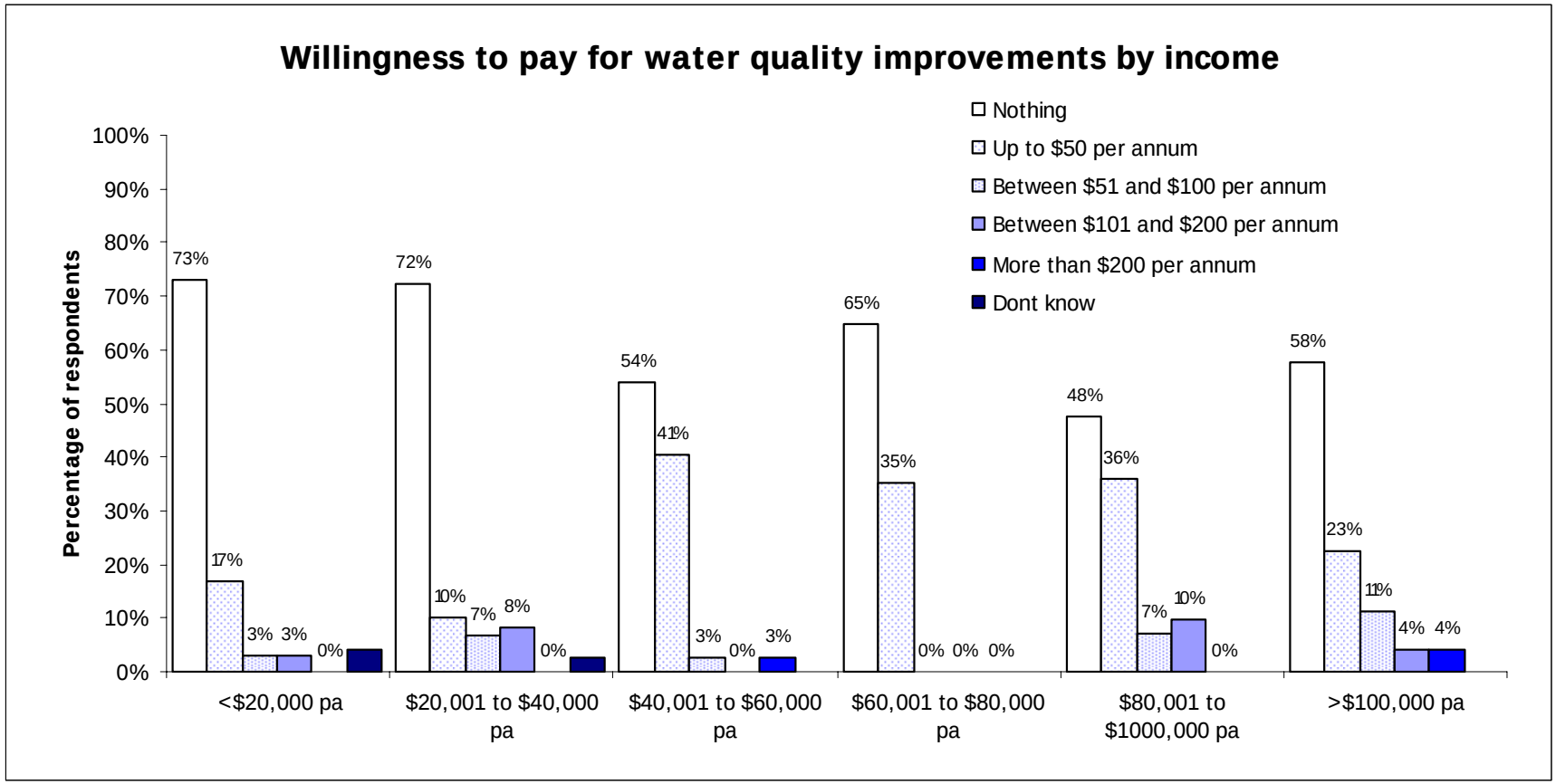
Customers' priorities to improve water quality



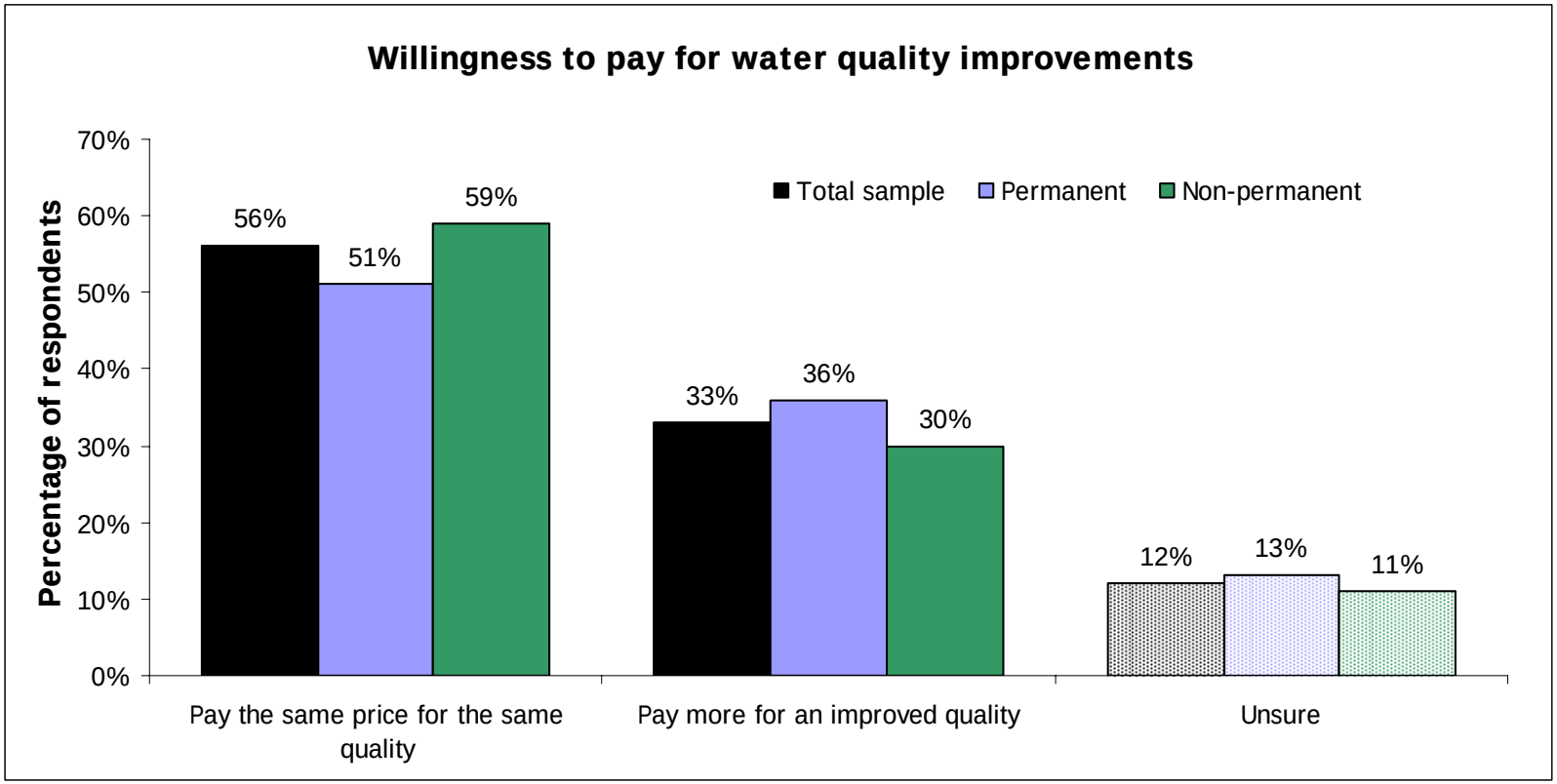
Willingness to pay for improved water quality



Willingness to pay for improved water quality



Preference for the same or an improved water quality with a price increase



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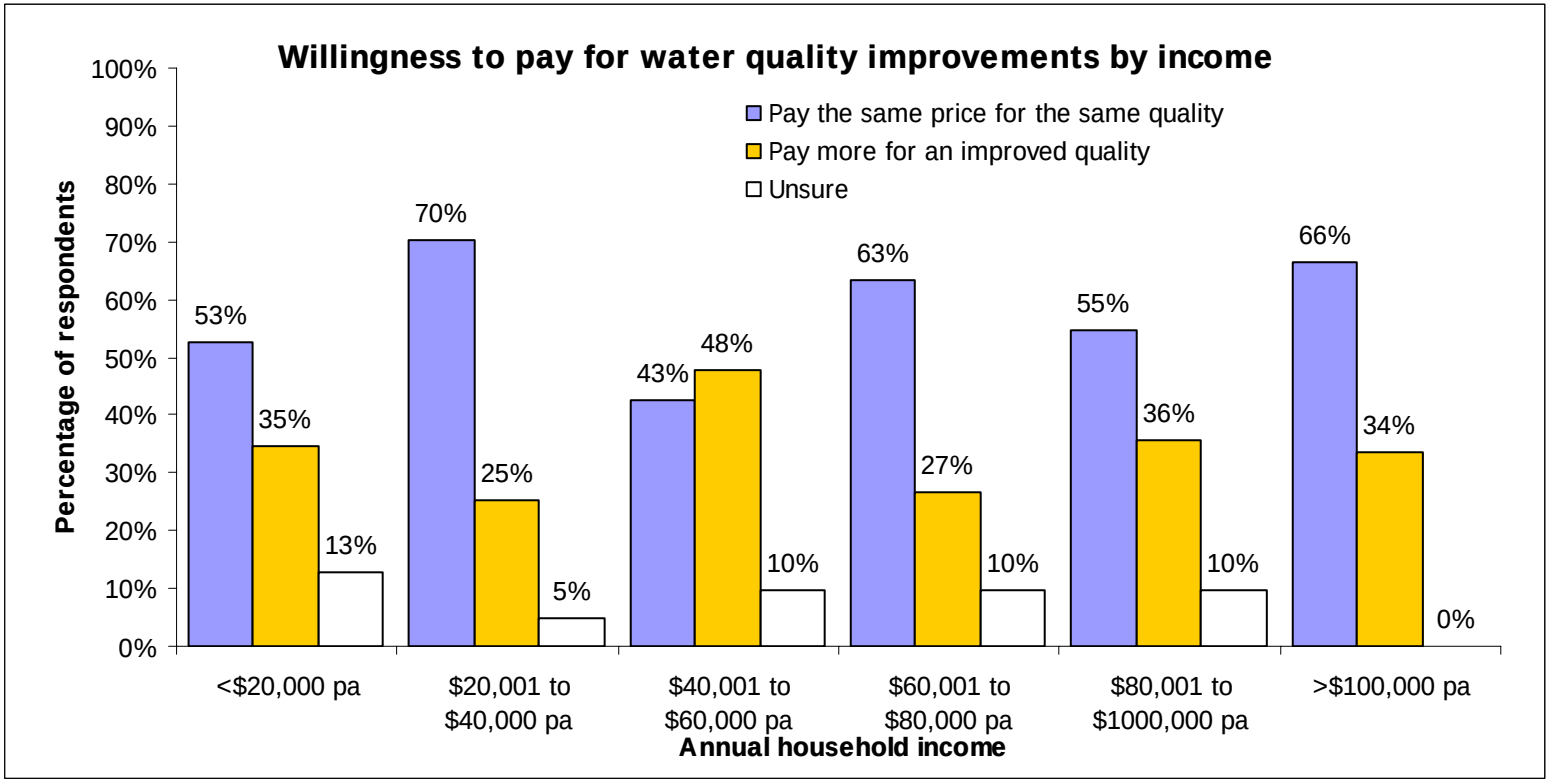
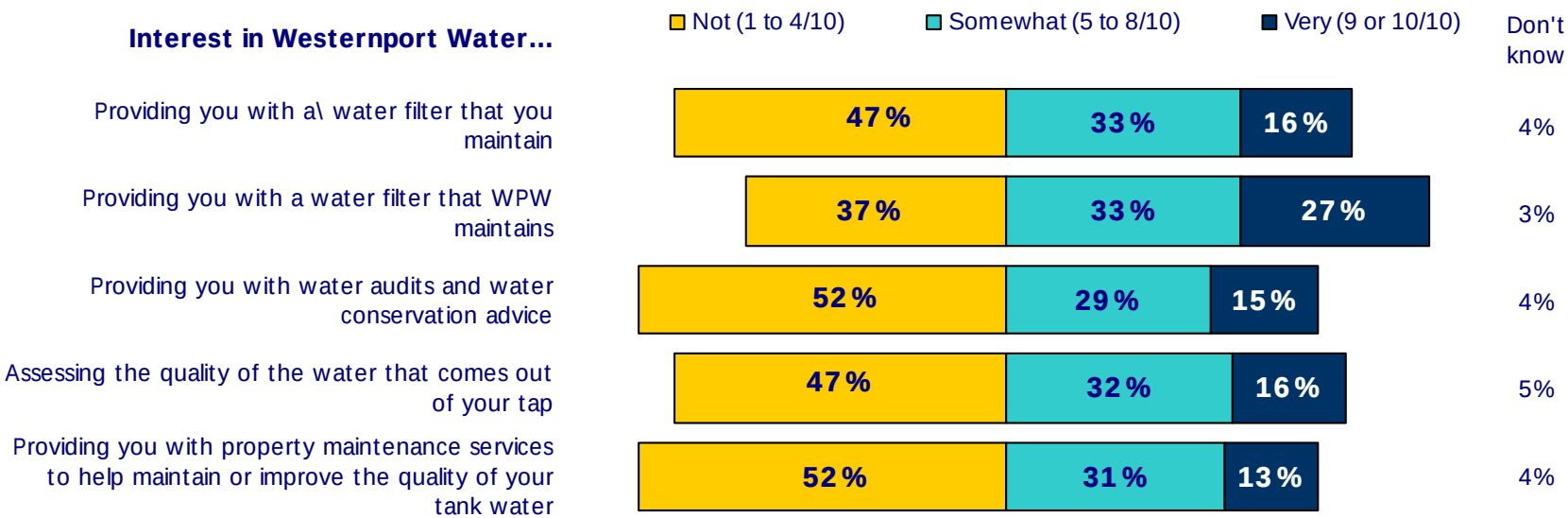


Interest in user pays services to improve water quality



Customers' suggestions to improve water quality

- Overall 29% of respondents provided suggestions that they thought would help to improve the water quality.
- Notably most suggestions related to other aspects of the service, such as the water supply, rather than directly to the water quality, although some customers thought that if the supply improved the quality would also improve.
- In descending order the most frequently mentioned suggestions that related to water quality were:

	Total	Permanent	Non-permanent
• Bigger/more dams – increase the supply to improve the quality	13%	14%	13%
• Pipe maintenance	4%	5%	3%
• Filter along the pipeline	2%	3%	1%

- The detailed verbatim suggestions are contained in the Report Appendices.

Water supply

Water supply improvements - summary

What has been the impact of Level 4 water restrictions?

- Overall, 92% of customers were aware of the current water restrictions.
- Most customers reported that the restrictions had an impact both inside and outside their home:
  - 72% of customers indicated that the restrictions had an impact inside their home (86% of permanent residents; 62% of non-permanent residents); and
  - 80% of customers indicated that the restrictions had an impact outside their home (85% of permanent residents; 75% of non-permanent residents).
- The main impacts were:
  - No watering the garden (mentioned by 55% of respondents);
  - Bucketing grey water on the garden (mentioned by 29% of respondents); and
  - Shorter showers (also mentioned by 29% of respondents).
- Although most customers reported that the restrictions had significant impacts inside and outside their home, only 36% of customer were willing to pay for guaranteed lower water restrictions.
  - Those customers who were willing to pay were more likely to be on higher incomes.

Water supply improvements - summary

To what extent are customers using water tanks to supplement their water supply?

- Overall, 44% of respondents indicated that they own a water tank and 26% of respondents indicated that they were planning to buy a water tank in the next 12 months.
- A significant proportion of customers have only recently bought a water tank (15% in the last 12 months), a likely response to the current drought conditions.
- Tank water is mostly used for watering their gardens (mentioned by 50% of respondents), and for drinking/cooking water (also mentioned by 50% of customers).
- The capacity of most tanks is less than 3,000 litres, irrespective of whether they are a permanent or non-permanent resident (58%).

Should Westernport Water be independent in relation to its supply?

- Overall, 59% of customers thought is was somewhat or very important that Westernport Water was independent in relation to its supply.
  - 22% of customers thought it was very important (32% of permanent residents; 15% of non-permanent residents).

Awareness and impact of current water restrictions

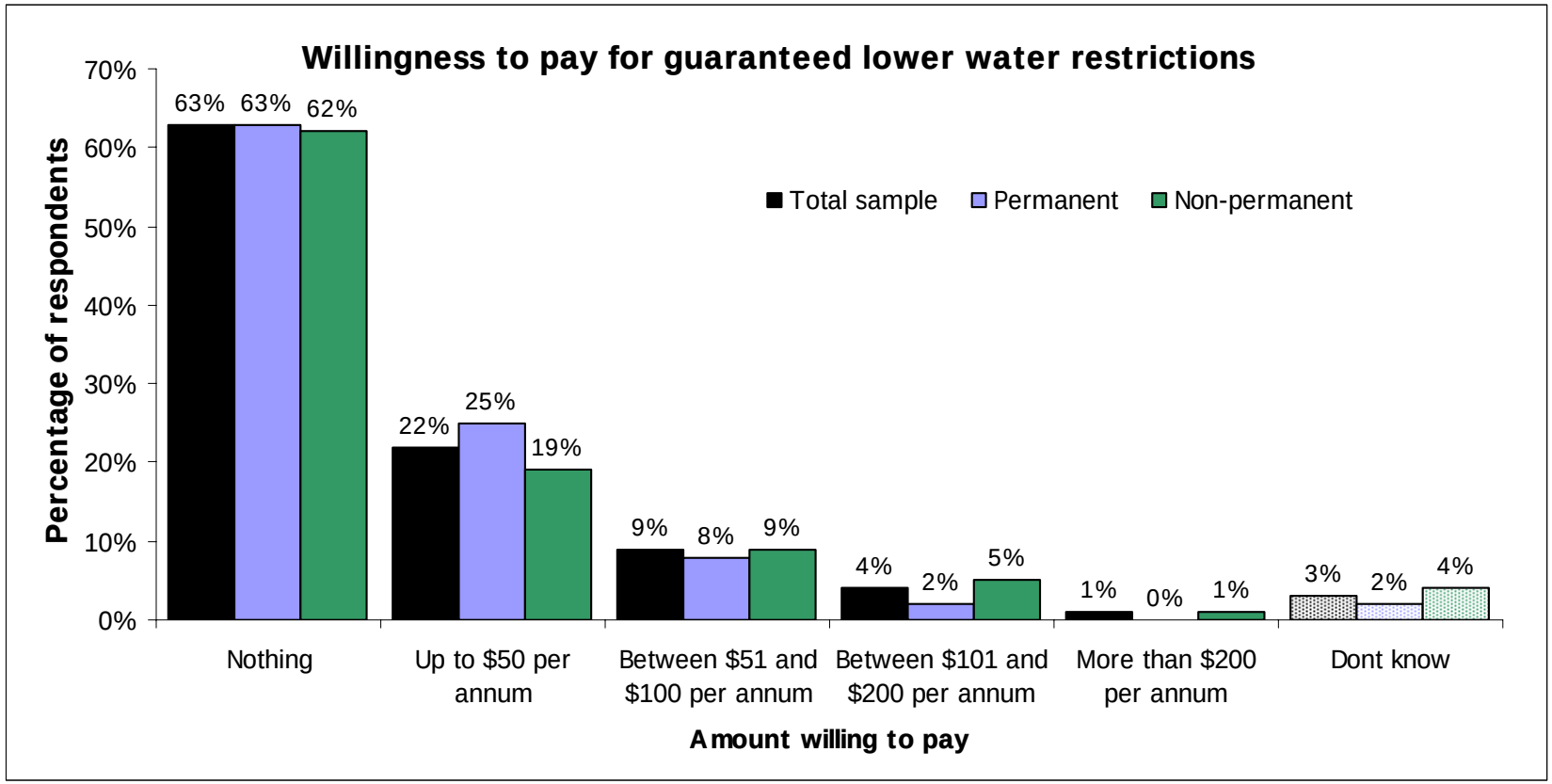
What has been the impact of the current water restrictions?

- Overall, 92% of respondents were aware that Westernport Water is currently on Level 4 water restrictions:
  - 99% of permanent residents; compared to
  - 86% of non-permanent residents (8% of non-permanent residents thought that Westernport Water was only on Level 3 restrictions).
- Respondents were asked to comment on the impact of the restrictions inside and outside their homes.
  - 28% indicated that the restrictions had no impact on their water use inside the home (14% of permanent residents and 38% of non-permanent residents); and
  - 20% indicated that the restrictions had no impact on their water use outside the home (15% of permanent residents and 25% of non-permanent residents).
- Overall, the main impacts were:

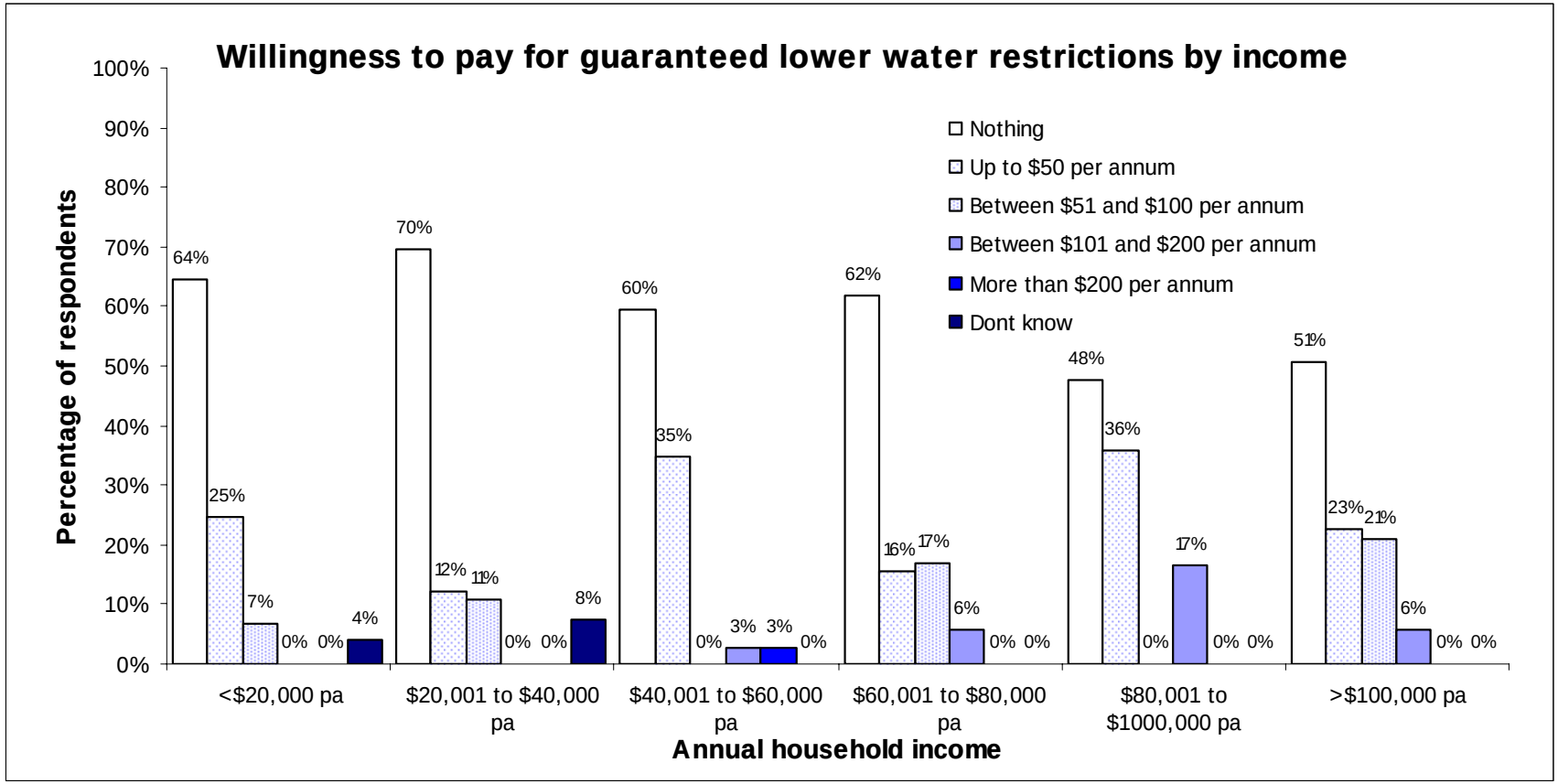
	Total	Permanent	Non-permanent
No watering the garden	55%	53%	56%
Bucketing grey water on the garden	29%	39%	22%
Shorter showers	29%	36%	24%
No washing cars/boats/trailers	20%	18%	21%
General caution with taps/water use	20%	23%	19%
Less frequent clothes washing	11%	16%	8%

- Other impacts included less toilet flushing, using less water to wash dishes, installing water efficient shower heads and diverting grey water to the garden.
- The detailed verbatim comments are contained in the Report Appendices.

Willingness to pay for guaranteed lower restrictions



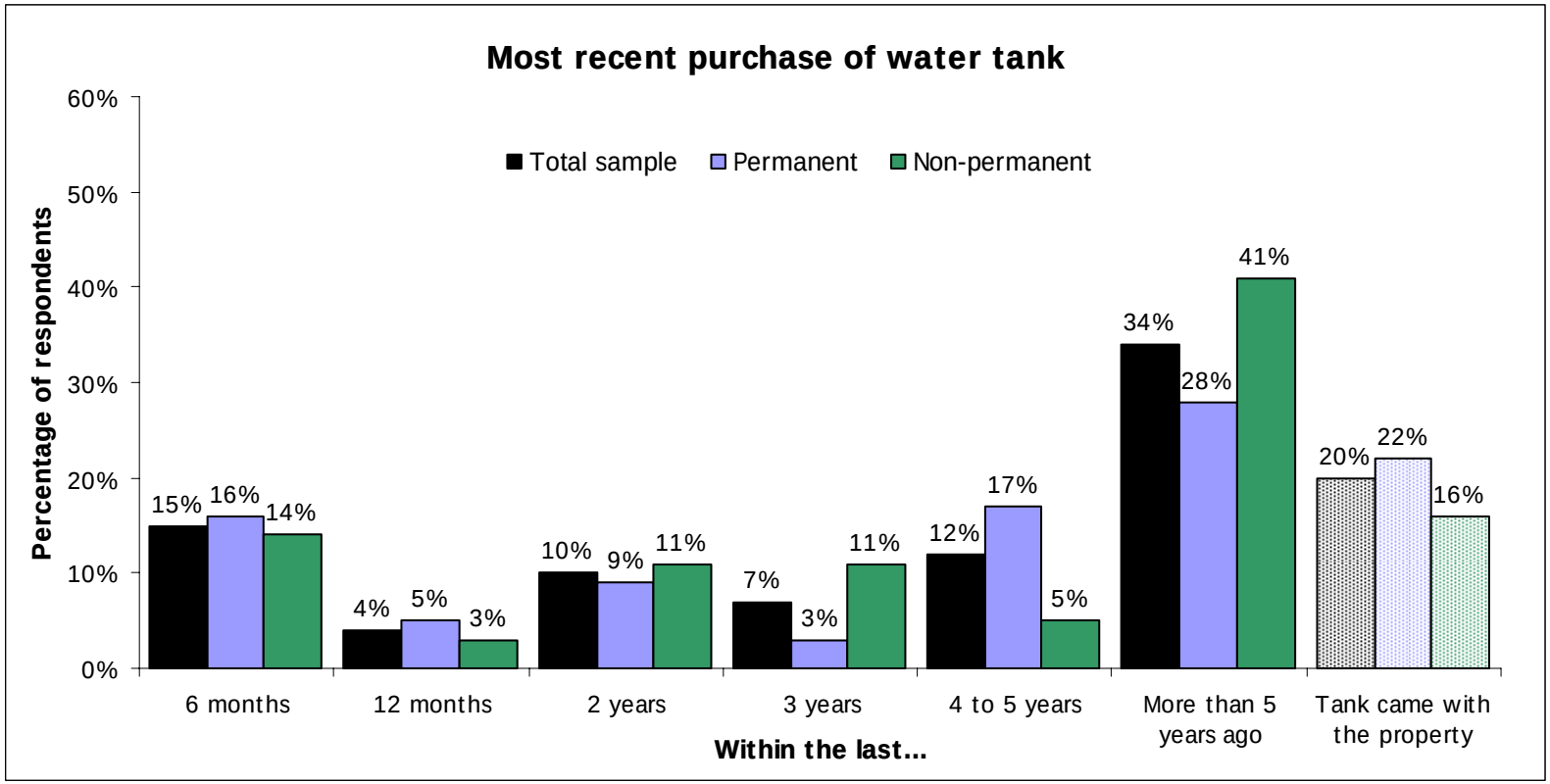
Willingness to pay for guaranteed lower restrictions



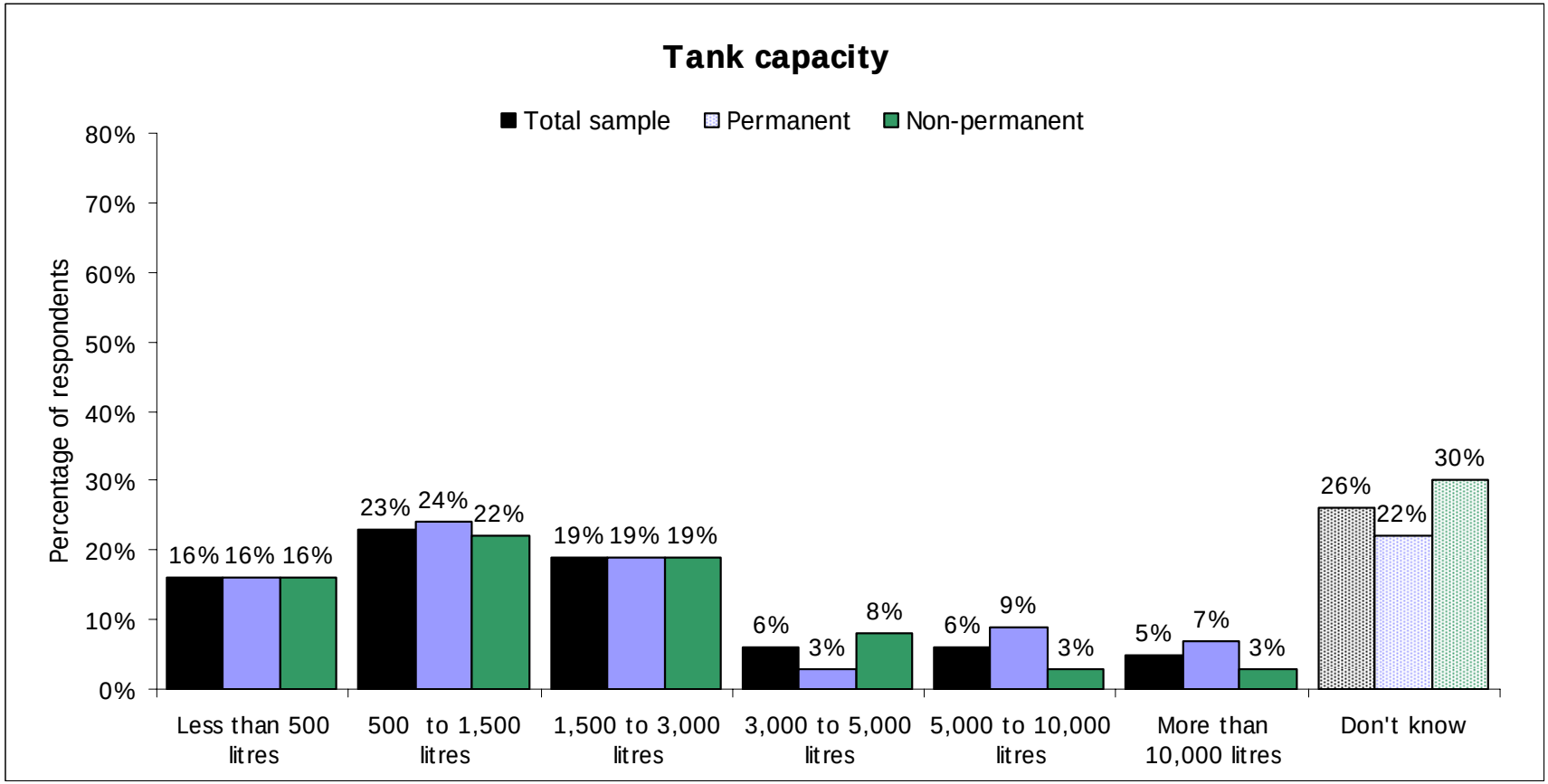
Ownership of a rainwater tank

- Overall, 44% of respondents indicated that they own a water tank:
  - 55% of permanent residents; and
  - 36% of non-permanent residents.
- 26% of respondents indicated that they were planning to buy a water tank in the next 12 months:
  - 28% of permanent residents; and
  - 25% of non-permanent residents.
- 31% of respondents who do not currently own a water tank indicated that they are planning to buy one in the next 12 months compared to 20% of respondents who already had a tank.

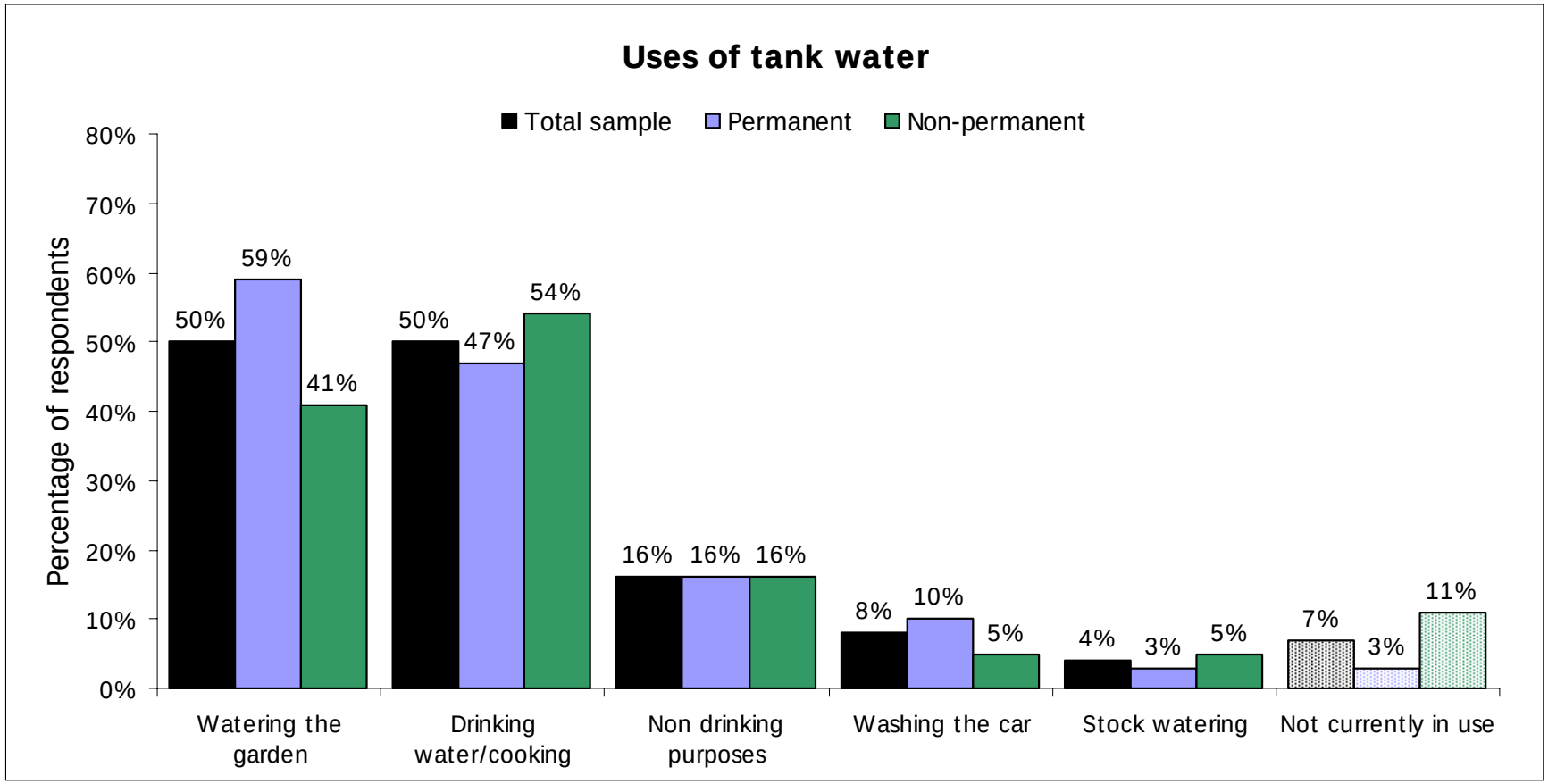
Most recent purchase of a water tank



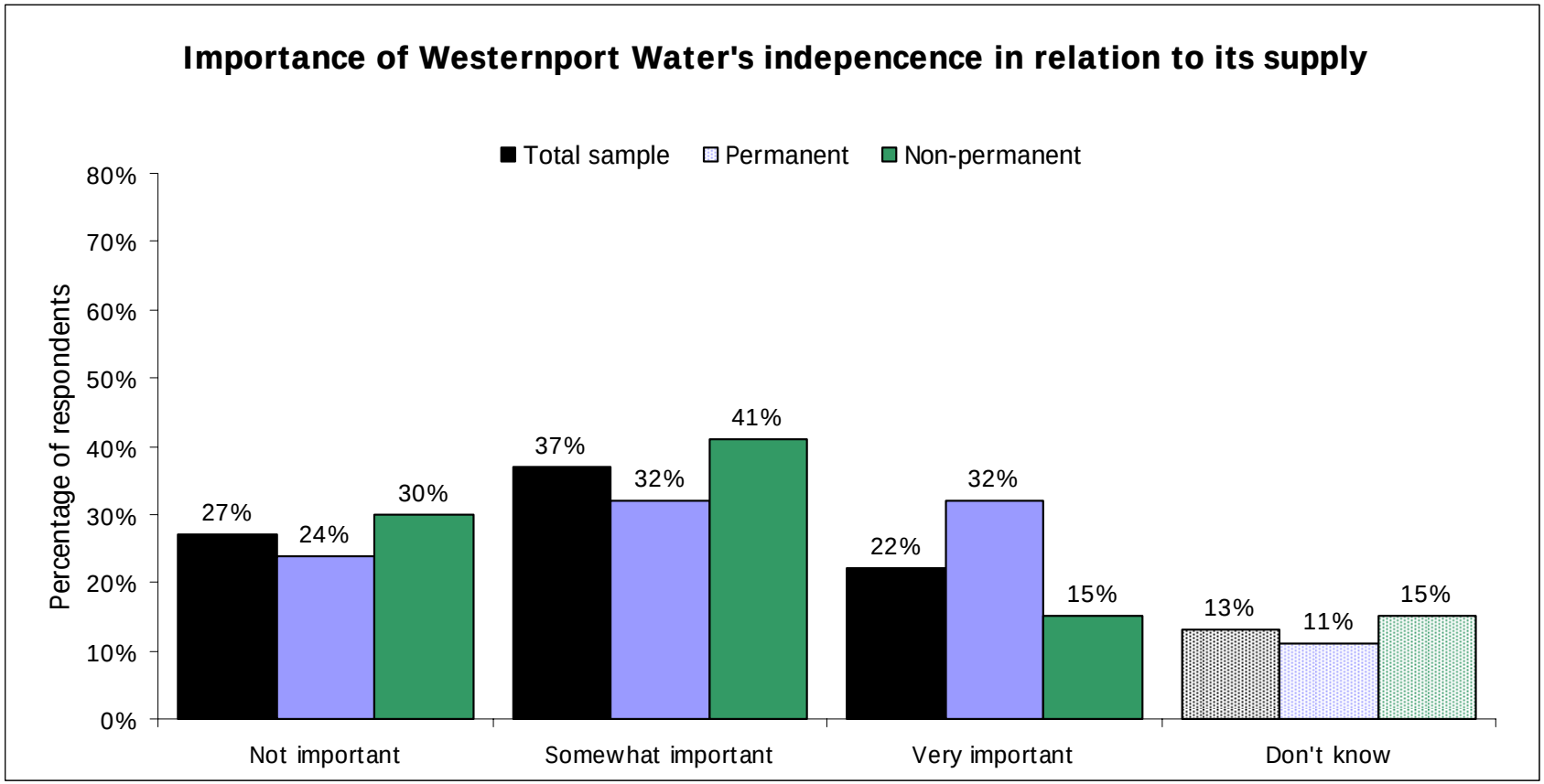
Water tank capacity



Use of tank water



Importance of Westernport Water being independent in relation to its supply



Management of the environment

Management of the environment - summary

Overview

- In response to customer concerns about the environmental expressed in the Annual Customer Satisfaction Survey, Westernport Water was interested in gaining a better understanding as to what aspects of the environment were important to customers, both in terms of:
  - Westernport Water's role in educating and informing the community about ways to save water and other issues related to the environment; and
  - Westernport Water's management of its own impact on the environment.
- Customers were given a series of statements related to each of the above topics and asked to rate their importance.

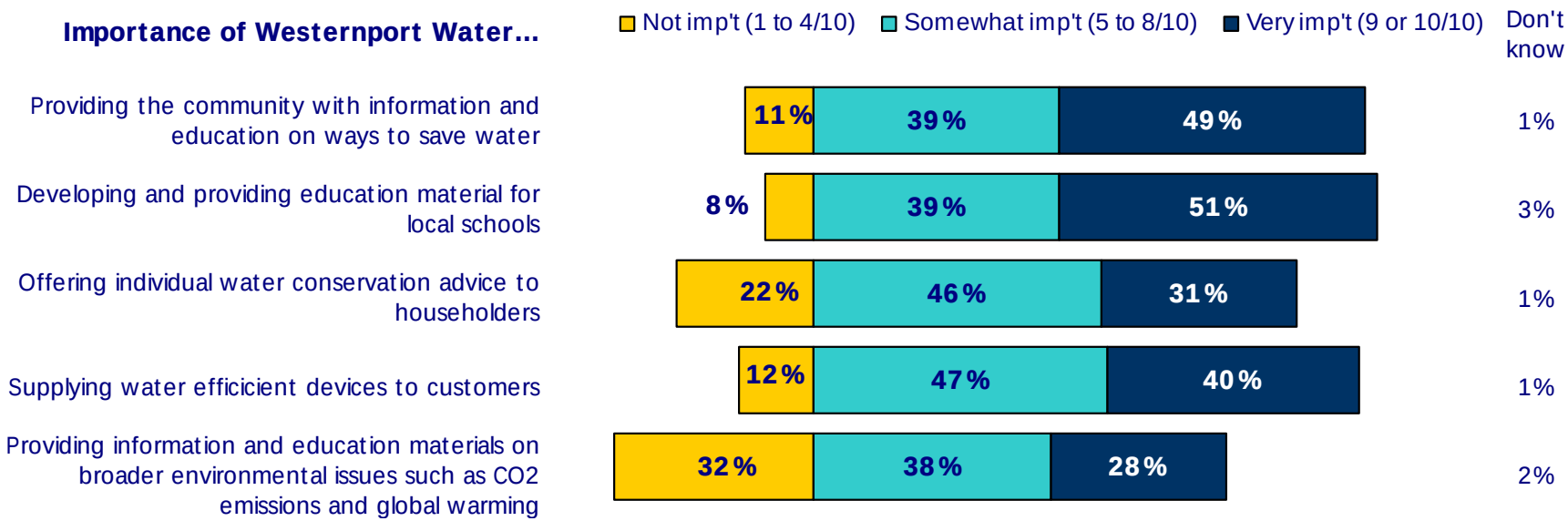
Educating and informing the community

- Customers clearly believed that Westernport Water has an important role in educating and informing *the community* about *ways to save water*:
  - Developing and providing education material for local schools (51% of respondents rated this as very important); and
  - Providing the community with information and education on ways to save water (49% very important).
- However they thought that it was less important for Westernport Water to provide information on broader environmental issues:
  - Providing information and education materials on broader environmental issues such as CO2 emissions and global warming (only 28% very important, 32% not important).

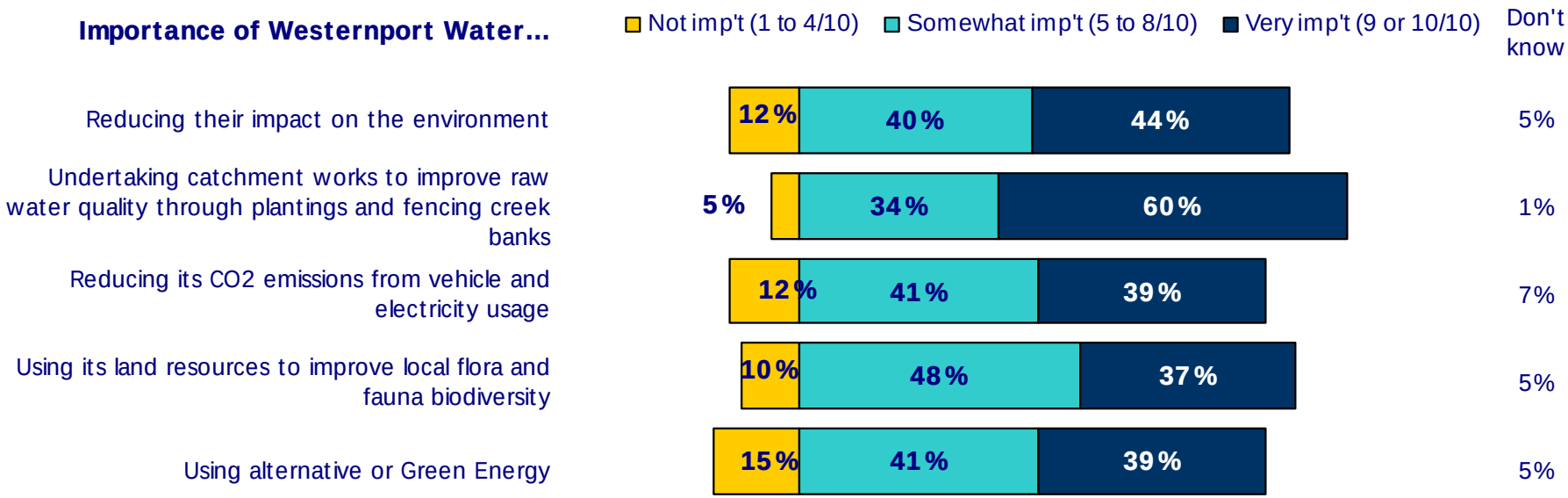
Westernport Water's management of its own impact on the environment

- The key area that customers considered was important was in relation to Westernport Water undertaking catchment works to improve raw water quality through plantings and fencing creek banks (60% very important).
- However customers also thought it was somewhat or very important that Westernport Water manages its own impact on the environment in other areas, such as reducing its impact on the environment, and reducing CO^2 emissions from vehicles and electricity usage.

Westernport Water's role in educating and informing the community about the environment



Westernport Water's management of its own impact on the environment



Stage 2: Gaining detailed insights

Purpose and objectives

- The main purpose of Stage 2 was to build on the findings of Stage 1, through a series of customer workshops, to gain more detailed insights into customers' preferences for a series of options to address water quality issues, increase the water supply and to establish customers' preferences for different pricing options.
- Specifically the objectives of this stage of the research were to:
  - Seek customers' preferences for three options to improve water quality, understand customers' reasons for their preferences and further explore their willingness to pay for improvements to the quality. The options included:
    - Option 1: Improving the water treatment process;
    - Option 2: A regular program of flushing and pipe cleaning to remove stale water from the system; and
    - Option 3: On a user pays basis, provide customers with an on-site filter, which would be maintained by Westernport Water.
  - Seek customers' preferences for four options to improve the water supply, understand customers' reasons for their preferences and further explore their willingness to pay for water supply enhancements. The options included:
    - Option 1: Continue to use Candowie Reservoir supplementing with groundwater and the Bass River;
    - Option 2: Option 1 plus extend Candowie Reservoir to increase its capacity by 500ML;
    - Option 3: Extend Candowie Reservoir to double its capacity; and
    - Option 4: Connect to Melbourne Water.
  - Seek customers' preferences in relation to the method of pricing for water. The options included:
    - Option 0: Continue with the current method of pricing;
    - Option 1: Step tariff structure with an affordable first tariff block; and
    - Option 2: Lower the service charge and raise volumetric charges.

Recruiting approaches

- Customer workshops were conducted at Westernport Water's office in Newhaven between 12:00 noon and 2:00 pm on Wednesday 28th March 2007 and Saturday 31st March 2007.
  - 26 customers attended the Wednesday workshop and 22 attended the Saturday session.
- A number of strategies were adopted to inform customers of the workshops and maximise the feedback from a diversity of people living and working in the region. These included...
  - Advertisements in local papers calling for expressions of interest for two weeks prior to the workshops.
  - Written invitations sent to known interested customers, representatives of relevant community groups in the region, such as welfare groups, environmental groups and economic development groups, and customers who in previous Annual Customer Satisfaction Surveys had expressed an interest in being involved in community consultations.
  - At the conclusion of the telephone survey, customers were invited to attend one of the two workshops. If they expressed an interest, permission was sought to pass their name and contact details on to Westernport Water. They were then directly contacted by the Authority and formally invited to attend.
- To encourage customer participation and demonstrating Westernport Water's commitment to the consultation process...
  - Customers who provided feedback via the workshops had the opportunity to enter a prize draw for a night's accommodation and a live show in Melbourne.
  - During the workshops, customers were provided with a light lunch.
  - They were also offered reimbursement of travel expenses (most declined the offer) as well as giveaways such as buckets.

Participant profile

The 48 participants at the two workshop included a cross section of the region's customer base:

- Permanent residents (n=33) and nonpermanent residents (n=14) (one customer did not provide this information).
- Although the largest proportion of participants were fully retired (n=21), other customer groups were well represented including:
  - People in full time paid employment (n=14), including two customers self employed in their own businesses;
  - Part-time/casual workers (n=8);
  - Semi-retired (n=5);
  - People on fixed incomes (other than retirees), including a sole parent and another full-time carer.
- Property owners and at least one tenant.
- On average participants had lived or owned property in the region for just over 12.5 years.
  - Eight participants had lived or owned property in the region for less than 5 years.
- Most customers lived in urban properties (n=38) – the balance described where they lived as either semi-rural (n=3) or rural (n=6) (one customer did not provide this information).

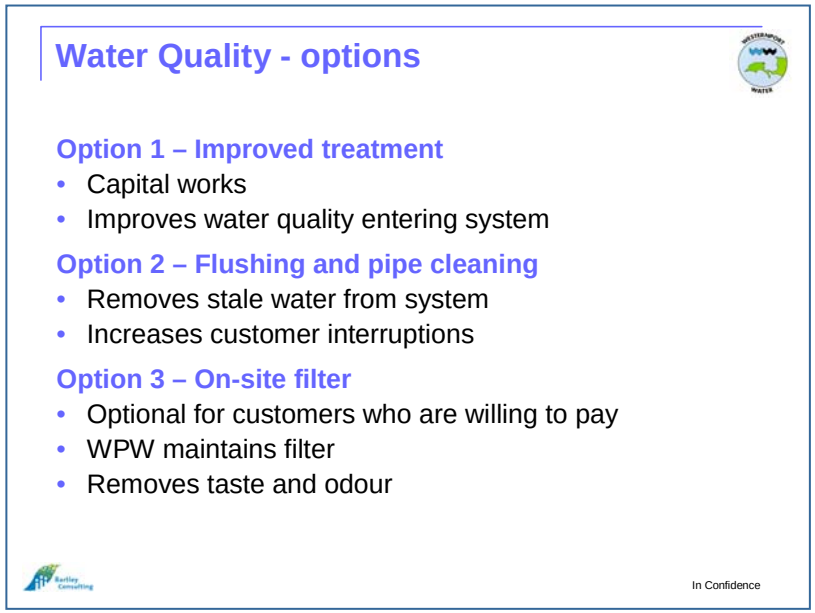
Session structure

- Two hours were allowed for each workshop.
- Each workshop was divided into three discrete areas covering:
  1. Water quality
  2. Water supply; and
  3. Water pricing options.
- Westernport Water prepared a presentation giving an overview of the options being considered by the Authority.
  - The Manager – Corporate Services presented the information.
  - Participants were given the opportunity to ask questions to clarify issues.
- Bartley Consulting's role was to ensure that the information was presented objectively and then gather feedback from customers.
  - After each set of options was presented customers' initial reaction was sought in relation to the options.
  - To minimise any bias associated with the order of presentation of the proposals across the groups, the order of the presentation varied from one session to the next.

Water quality

Water quality: options presented to customers

- Customers were presented with three Options to improve the water quality.
- They were then given the opportunity to ask questions and clarify issues before providing feedback as to their:
  - Rating of each option
  - Perceptions of the viability of the options;
  - Preferred option; and
  - Their suggestions for alternative options to improve the water quality.



Water quality: summary of customer feedback

Summary

- During the workshops and from the written feedback, most customers expressed a preference for Option 1 (improved treatment) and/or Option 2 (flushing and pipe cleaning), although a number of customers were concerned about potential water wastage from Option 2.
- Customers generally indicated that they were not willing to pay extra for improvements to the water quality, provided it met the required water quality standards.
- Most customers could not see the value in filtering the water for purposes other than drinking and cooking, and therefore they questioned the value of Option 3. However they agreed that if Option 3 was purely on a user pays basis then it was a solution to some customers' concerns.

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	**1 to 4/10**	**5 to 8/10**	**9 or 10/10**	**No response**
Option 1: Improved treatment	25% (n=12)	44% (n=21)	19% (n=9)	13% (n=6)
Option 2: Flushing and pipe cleaning	15% (n=7)	60% (n=29)	10% (n=5)	15% (n=7)
Option 3: On-site filter	60% (n=29)	13% (n=6)	13% (n=6)	15% (n=7)

Water supply: detailed feedback

Viability of the options

29 of the 48 customers who attended the workshops provided written feedback as to the viability of the options.

- 19 customers indicated that all three options were viable, several qualified their responses:
  - "All need to be included."
  - "They should be part of Westernport Water supplying a quality product to consumers."
  - "Depends on what you mean re treatment are you going to build a new plant?"
- Several customers (n=3) suggested that only Option 1 and Option 2 were viable:
  - "Capital works and maintenance always needed so [1 and 2] are viable."
  - "Options 1 and 2 needed for long term viability."
  - "Not Option 3."
- Two customers suggested that Option 2 was wasteful:
  - "I have concerns about the wastage of water under Option 2. I would support it if there was absolutely no waste."
  - "...2 wastes water."
- Two other customers were concerned about the cost:
  - "Options 1 and 2 are too expensive."
  - "I am not unhappy with the present quality. 1 is very expensive."

Water quality: detailed feedback *continued*

Customers' preferences

- During the workshops customers generally expressed a preference for Option 1 or Option 2, although they had some concerns about water wastage from Option 2. Option 3 was seen as unnecessary as customers generally only filtered their drinking and cooking water and they could buy a commercially available filter at a lower price if they chose to do so.
- 33 of the 48 customers who attended the workshops provided written feedback as to their preferences. Although the largest proportions expressed a written preference for Option 1 or Option 2, a number of customers preferred Option 3, as it was a "user pays" option for customers who had concerns about the water quality.
  - Five customers preferred Option 1.
    - "1 affects all aspects of quality."
  - Nine customers indicated that they preferred Option 2.
    - "Option 2 makes more economic sense."
    - "Sounds as if Option 2 would have most impact on quality BUT wasteful of water."
  - Two customers suggested that a combination of Options 1 and 2 was required.
    - "Minimum effect if Option 2 is not done – but its useless without Option 1."
    - "Combine options 1 and 2 - can't be mutually exclusive."

Water quality: detailed feedback *continued*

Customers' preferences *continued*

- Six customers preferred Option 3, but most qualified their responses:
  - "User pays for those who have concerns about water quality."
  - "If optional and customer pays all - customers shouldn't have to pay."
  - "My preference would be 3 and ... inclusion in new buildings." (i.e. new buildings are built with an inbuilt filtering system)."
  - "Option 3 is cost effective by only filtering drinking/cooking water, but if entire system - no!"
  - "I chose Option 3 from a purely personal view as I believe each individual could choose to filter their own water. Currently I have had no problem with the quality of the water. However I feel the decision should be made to increase the quality long term, not short term."
- Other customers could not see the value in Option 3 because customers could buy their own filters and it was only necessary to filter drinking water:
  - "I'm already using a filter jug for last 8-9 years and this is sufficient."
  - "You only need a filter on the kitchen tap – drinking water."
  - "The colour is not that bad and having a filter for the house is not that relevant."
- Several customers did not have a preference, or they suggested that all three Options were required."
  - "Do all 3, but if not [doing all 3] connect to Melbourne Water, it would not need so much treatment."

Water quality: detailed feedback *continued*

Willingness to pay

- During the workshops customers generally indicated that they were not willing to pay for improvements to the water quality, provided it met the required water quality standards. Those customers who were not satisfied with the water quality indicated that they filtered their drinking and cooking water with a commercially available filter and they could not see the need for an on-site filter maintained by Westernport Water.
- 32 of the 48 customers who attended the workshops provided written feedback as to their willingness to pay for improvements to the water quality.
  - Without qualification: 8 customers “yes”; 6 customers “no”.
    - “I live in a first world country, so expect good quality water and will pay for that privilege.”
  - At one extreme one customer indicated: “Yes up to $300 to $400 per annum.”
  - A number of customers indicated that their willingness depended on the amount of the increase, with a preference for a minimal increase only...
    - “Cost estimate necessary.”
    - “Depends on price increase.”
    - “Depends on the price increase (40% of people are on government welfare).”
    - “Only if the price increase was minimal.”
    - “Minimal cost, we already pay second highest rates in the State.”
  - Other customers suggested that Options 1 and 2 should be part of normal service charges:
    - “Options 1 and 2 should be met by normal business operations.”
    - “Should be part of regular system maintenance.”
    - “Give us a break, we are already paying a massive service charge - no!”

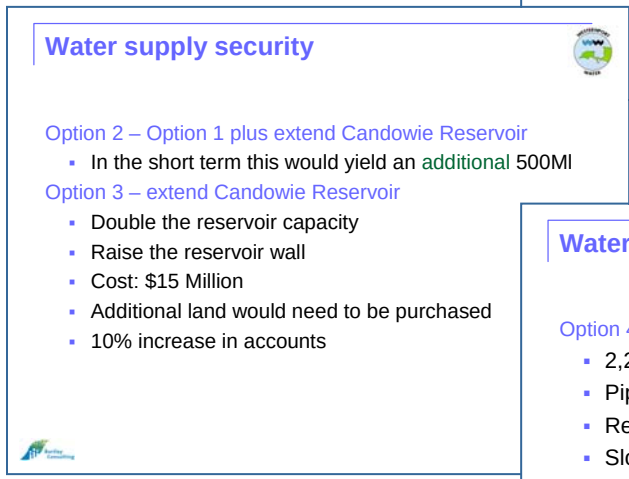
Water quality: detailed feedback *continued*

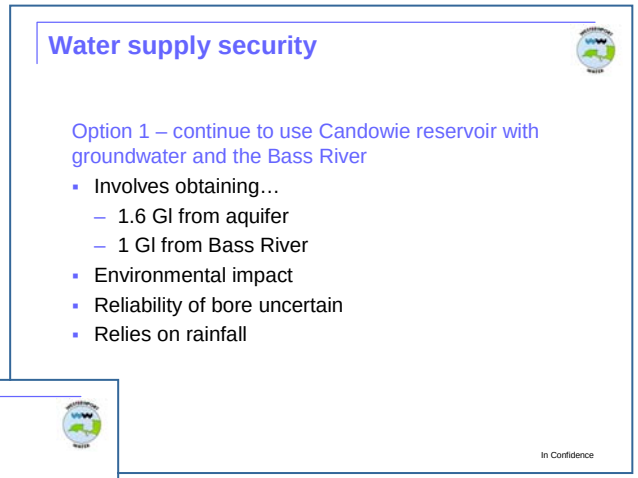
- Several customers only supported a price increase to improve water quality on a user pays basis, as they were generally satisfied with the water quality or they had purchased their own filters to deal with their water quality issues.
  - "The issues of taste and colour only really apply to drinking water. A simple filter under the sink is inexpensive to install and maintain and it solves the problem."
  - "I have no problem with water quality - I filter my drinking/cooking water. It's safe which is better than most people [have] in the world."
  - "Option 3 is a personal choice and people can elect to install their own filter."
  - "People can choose if they want a filter."
  - "Option 3 supportable, immediately on a user pays basis."
  - "Use of filters should be encouraged and maybe a bulk buy by Westernport water and resale to customers so they can get them cheaper will be a good incentive for people to have in-house filters for drinking only."
  - "I encourage all householders to invest in their own in house filters so that they have clean, clear drinking water."
- Increased charges to improve water quality were a significant concern to one customer on a fixed income.
  - "As a renter it would depend on whether I have to pay as a user or my landlord pays and increases my rent."

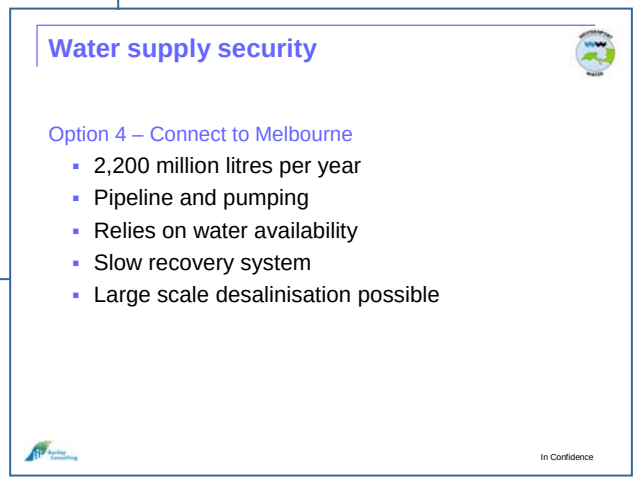
Water supply

Water supply: options presented to customers

- Customers were presented with three Options to improve the water supply.
- They were then given an opportunity to ask questions and clarify issues before providing feedback as to their:
  - Rating of each option;
  - Their preferred option/combination of options; and
  - The reasons for their preference.







Water supply: summary of customer feedback

Summary

- Customers generally preferred Options 2 or 3 or a combination of these.
  - They generally thought that these options were the most cost effective, most sustainable in the long term and had the least impact on the environment (particularly Option 2).
  - Few customers believe that Option 4 (Connect to Melbourne) was a viable solution. Customers were not confident that Melbourne Water would be able to provide them with a reliable supply, when Melbourne is also in a drought.

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	**1 to 4/10**	**5 to 8/10**	**9 or 10/10**	**No response**
Option 1: Continue to use Candowie Reservoir supplementing with groundwater and the Bass River	29% (n=14)	38% (n=18)	17% (n=8)	17% (n=8)
Option 2: Option 1 plus extend Candowie reservoir to increase its capacity by 500Ml	6% (n=3)	58% (n=28)	31% (n=15)	4% (n=2)
Option 3: Extend Candowie Reservoir to double its capacity	6% (n=3)	60% (n=29)	23% (n=11)	10% (n=5)
Option 4: Connect to Melbourne	46% (n=22)	31% (n=15)	8% (n=4)	15% (n=7)

Water supply: detailed feedback

Preferred option

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	Most preferred	Customers' comments
Option 1: Continue to use Candowie Reservoir supplementing with groundwater and the Bass River	6% (n=3)	○ "Most practical in short term." ○ "This is the least worrying of options. All options have environmental effects which concern me. We need to have more personal responsibility to reduce demand and less development to ensure a sustainable water supply." ○ "We need to be aware of the impact on extracting from aquifers."
Option 2: Option 1 plus extend Candowie reservoir to increase its capacity by 500Ml	23% (n=11)	○ "If wall is strong and suitable for extension. Costs less, less space taken up. Rainfall charts over the last 15 years minimum show decrease in rainfall graph. Why is this any surprise? Why were predictions not placed earlier? Need to take into account global warming, water conservation and education." ○ "I don't think the connection to Melbourne Water should be used as a long term option. Also concerns over increasing Candowie size - can there be a guarantee that it will fill?" ○ "$1million to start with - minimal cost." ○ "Because to utilise rainfall when it happens, 1 with the river (not bore) to use the river water saves it from flowing to the sea. River - approve of this, do not approve of the bores at all because of the salinity issues. Option 3 needs to be considered for the future." ○ "Option 2 might assist with taste... The water is not a problem only to drink for those with skin problems the water quality is a serious issue and if it were filtered before it enters the home it would be better."

Water supply: detailed feedback

Preferred option

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	Most preferred	Customers' comments
Option 2: Option 1 plus extend Candowie reservoir to increase its capacity by 500Ml ***continued***		• "Less impact, less cost." Covers our needs for a number of years in which time surely the rainfall will improve. Melbourne's water supply is inadequate as it is. I think more water from this system is surely not a long term solution. • "Less impact/least cost/immediate/gives time. Merger with Gippsland Water [SGW?]. • "Wouldn't take away all of the savings on pricing issue. Options 3 and 4 would and some more." • "Extends reservoir capacity also immediately as well as drawing on potential aquifers. It would be very dangerous to rely on the Melbourne supply for security. If it rains in Melbourne it will have rained here and in our catchment area. Therefore Melbourne not needed." • "Melbourne Water can help when we're short of water and we can be part of desalination options. Changed my mind from 4 to 2 because of fluoridation. Option 1 concern about environmental impact . Bore water is heavy, may run out. Other options build another dam? or is this too costly?. Combination of Options 2 and 4?"

Water supply: detailed feedback

Preferred option

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	Most preferred	Customers' comments
Option 3: Extend Candowie Reservoir to double its capacity	23% (n=11)	○ "There will be long term benefits." ○ "Build up Candowie's walls. Makes more sense, more capacity. Why did you knock it on the head in the past?" ○ "Option 3 more sustainable." ○ "Long term solution - sea change demographics." ○ "Must look to the future." ○ "Better in the future." ○ "Extend Candowie maximally. We need to capture and utilise all rainfall by maximising our catchment." ○ "When rain comes, water will last longer." ○ "Might as well go for Option 3, long term. Seems like a patch solution when Melbourne may not have enough water to share. Because it is less disruptive to current system. I think Option 3 must be addressed at some stage, and these drought conditions indicate we need to do it sooner rather than later. Also given population trends, I think a larger dam is justifiable."
Option 4: Connect to Melbourne	2% (n=1)	○ "More safeguards for the environment, strategy for the future."

Water supply: detailed feedback

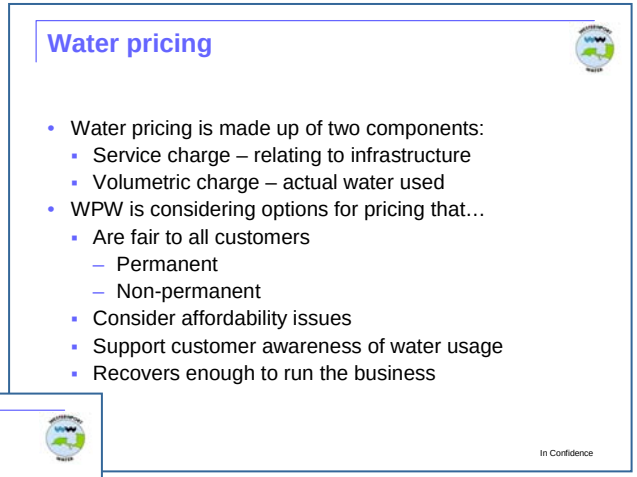
Some customers preferred a combination of options

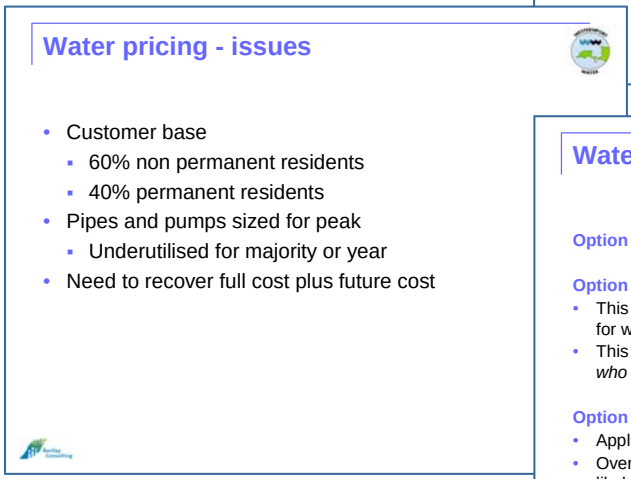
Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	Most preferred	Customers' comments
Options 1 and 2	6% (n=3)	○ "Supply cost." ○ "For long term water security and quality." ○ "More cost effective. It would be useful to have some information about grey water usage in the domestic environment. How to store it, how to ensure it wont kill the garden."
Options 2 and 3	6% (n=3)	○ "Firstly we should work to be self-sufficient. Options 2 and 3 are preferred. It seems a sensible and safe and not overly costly. The idea of building another dam seems to be "extreme". If Melbourne are short of water, they wont have it to sell." ○ "Supply for future, manageable financially." ○ "Rain must be steered into reservations (or in our home tanks). The $1.5 million must be paid for by the State Government.. Candowie Reservoir must be extended."
Options 1, 2 and 3	5% (n=2)	○ "ASAP for longer term." ○ "Do all of them for total security."
Options 2, 4, 3 in order	2% (n=1)	○ "Best for short-term but ongoing to Melbourne Water."
All options	5% (n=2)	○ "Not mutually exclusive. All have problems/benefits. Haven't time to analyse info and make a decision...Strategic planning should be at a higher level and be consistent with at least catchment/regional needs/plans if not state - national. Because the Island is the premier tourist attraction in Victoria couldn't we argue for State help to support us in peak times."

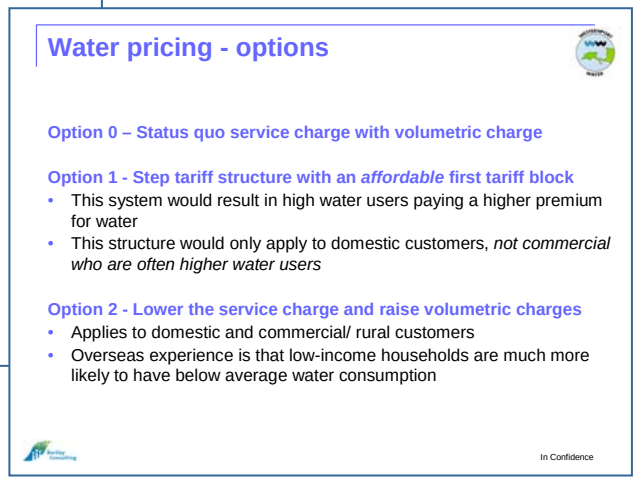
Pricing options

Pricing: options presented to customers

- Customers were presented with the current method of pricing, issues associated with the current method of pricing, then two new options associated with the pricing of water.
- They were then given the opportunity to ask questions and clarify issues before providing feedback as to their:
  - Rating of each option;
  - The perceived advantages of each option;
  - Their ideas as to other pricing options that Westernport Water should consider; and
  - Their preferred pricing method.







Pricing: summary of customer feedback

Summary

- Among those customers who had a preference for the method of pricing, most preferred Option 1.
  - They generally considered that this option was fairer - it encouraged users to pay for their use and also encouraged water conservation.
  - However there were concerns that Option 1 did not include commercial customers – customers generally thought that they should also be covered by this option.

Rating of options (1/10= poor, 10/10= excellent): Source: Customer feedback forms	**1 to 4/10**	**5 to 8/10**	**9 or 10/10**	**No response**
Option 1: Step tariff structure with an affordable first tariff block	10% (n=5)	52% (n=25)	19% (n=9)	19% (n=9)
Option 2: Lower the service charge and raise volumetric charges	27% (n=13)	31% (n=15)	21% (n=10)	21% (n=10)

Preferred Option Source: Customer feedback forms	**Option 0 (No change)**	**Option 1**	**Option 2**	**No response**
Preferred pricing method	13% (n=6)	29% (n=14)	13% (n=6)	46% (n=22)

Pricing options: detailed feedback

The main perceived advantages of Option 1 was that customers believed that it was a “user pays” method, that would encourage water conservation:

- “User pays, encourages conservation.”
- “Water conservation choice of how much water you use.”
- “Will genuinely influence people to conserve water.”
- “Paying more for water usage makes environmental sense.”
- “Encourage users to decrease water consumption.”
- “Can minimise water costs by keeping usage to first step.”
- “Fairer to all, perhaps encourage water saving, user pays?”
- “Option 1 recognises a base use and charges for overuse for whatever purpose.”
- “Option 1 encourages decreased use.”
- “Better user pays the cost.”
- “The ideal is to reduce the fixed charge then to increase the water charge on a step tariff.”

However a number of customers were concerned that Option 1 did not include commercial customers.

- “Include commercial clients.”
- “Need multiple step charges to take into account commercial entities.”
- “With clear and distinct and high increases per step tariff and include commercial customers.”
- “Industry shouldn't be exempt.”
- “Charge commercial equally with domestic.”
- “User pays but not commercial.”

Pricing options: detailed feedback

Customers were divided as to whether families would be penalised by Option 1:

- “There are some people who will use more water no matter what the cost, therefore they pay [therefore] so long as low income families are supported.”
- “May disadvantage large families.”
- “The option of paying for the amount used may enable the average family to be aware of water value. In the future it may hopefully see users rationing their usage.”
- “Fairer to all families especially living permanently here.”

Some customers thought that Option 2 was fairer and also rewarded customers for lower usage:

- “Keeps charges within range of people on fixed income.”
- “Would suit my family as has already use our own water at our own set up cost and are not using Westernport Water. Helps us save more water to Westernport Water.”
- “Rewards reduced usage.”
- “Encourages water saving which is essential.”
- “Fairer payment system.”
- “User pays principle.”
- “More practical solution.”
- “To stop or discourage people washing boats and cars with domestic drinking water by providing recycled water in a central location cheaply.”

Pricing options: detailed feedback

Other customers suggested that Option 2 would be most beneficial for non-permanent residents:

- “Best for holiday residents who use less water and will lower their costs.”
- “Lower costs to non-residents.”
- “Option 2 disadvantages permanent residents.”

As with Option 1 some customers were concerned that commercial customers were excluded...

- “Commercials should also be considered to reduce water usage/reuse.”
- “Include commercial clients.”

There were also concerns that families and tenants would be disadvantaged by Option 2:

- “There are some people who will use more water no matter what the cost, therefore they pay [therefore] so long as low income families are supported.”
- “Disadvantages low income families, mainly parents.”

Pricing options: detailed feedback

There were also some customers who suggested Westernport Water should continue with the current method of pricing, at least for the next 12 months.

- “I prefer to stay as we are with no increased charges for infrastructure/services. With costs for improvements to the system.”
- “Continue with this approach.”
- “Maintain current structure.”
- “Review pricing in 12 months.”

One customer clearly disagreed:

- “At least both 1 and 2 encourage water saving, Option 0 does not.”

Two customers were not sure which method was best...

- “Which option is better for me as a low water user and on a low income renter. Will the landlord raise my rent to cover source costs? I won't know which option is best for me as I cannot predict what my landlord will do. Option 1 may encourage me to use more water so I can use up my quota.”
- “I am still a strong supporter of user pays I its true state - low maintenance charge, high usage fees to encourage water savings. All options are clearly geared to people with money. You have to come up with another option which is fairer.”

Pricing options

Finally customers could provide other pricing options. Their suggestions varied:

1. Rebates for customers who use less water
   - "What about a rebate for those who use less?"
2. Methods that ensure commercial users pay
   - "I think water should cost the same for both domestic and commercial users. Why shouldn't businesses pay? This would increase accountability and usage with our larger users and businesses always pass on costs anyway - encourage them to use recycled."
   - "The cost of water should be the same for all users, including commercial."
3. Different charging methods for permanent and non-permanent residents
   - "Is it feasible to identify and register properties as permanent or holiday and use different charging structures for each, e.g. allow holiday residents to have Option 2."
4. Full recovery of fixed costs
   - "I think all fixed costs should be recovered from fixed charges. I like the idea of stepped usage charges, but the initial allocation must be realistic."
5. Adjacent block charges
   - What about making adjacent blocks contiguous. Option 2 would be better for a person with adjacent blocks and pay for water used. I think there should be more than two charges for water used.