Westernport Water
Customer Satisfaction Survey
Executive Summary Report

November 2016

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1.Summary

Westernport Water (WW) has some unique characteristics; notably that it has a smaller customer base and a higher proportion of absentee landlords than any of its 15 peer corporations.

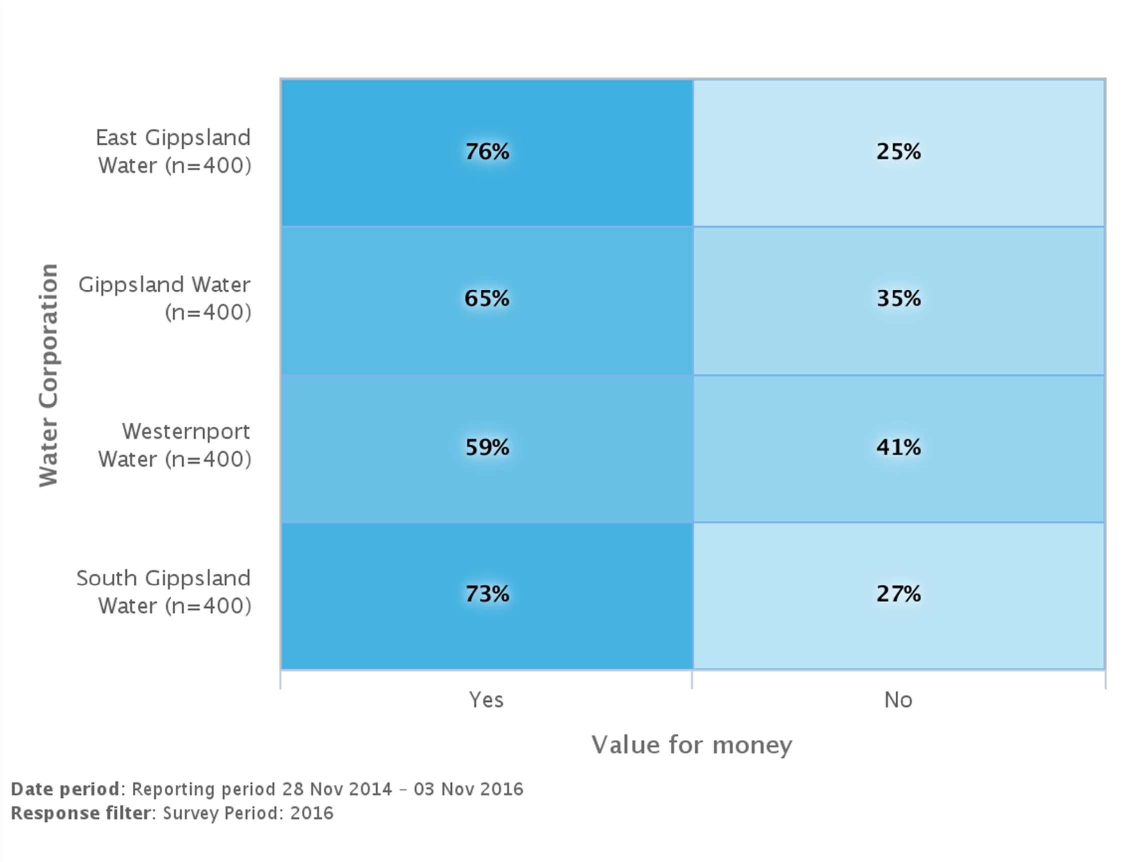
It is tempting to blame these absentee landlords for the fact that Westernport Water has received the lowest scores of the four MOU corporations on many measures. However, their satisfaction and trust are only slightly lower than owner occupiers, and their perceptions of value for money are the same. The one way in which their perceptions are markedly different is their likelihood of being satisfied with the quality of the tap water, which is much lower than that of residents.

Overall, the Net Trust Score has risen by 5 points to -9. This rise is within the margin for error but is more likely than not to represent a genuine improvement. However, the Net Trust Score is a fairly blunt instrument, because it takes an eleven point scale and collapses responses into just three camps: Promoters, Passives and Detractors. Looking at the result more closely shows that compared to the best performer in the MOU group, WW has the same proportion of customers giving responses between 0-4. Where WW suffers in this regard is the relatively higher proportion of customers giving 5 and 6/10 responses. Absentee customers made up a large proportion of these 5 and 6 responders, and their overall trust score was -14 compared to resident homeowners at -6. An obvious question to ask is whether WW's sometimes poor results are a symptom of lack of knowledge/experience rather than lack of performance.

Regardless, a few ways of increasing these "outcome" scores have been canvassed. One is the fact that around the country, customers who know that their water bill includes the wastewater service are more likely to be satisfied and trust their provider. This is partially supported in Westernport Water's 2016 findings.

Another notion arises from prior research done by North East Water. It revealed that although not universally popular, aspects of being local and sustainable are highly engaging for some customers. The current study supports this idea. Firstly, resident homeowners agreed very strongly that their water supplies should be locally sourced. Secondly, absentee customers were very likely to agree that the corporation should be involved in sustainability initiatives. These two findings suggest that Westerport Water could further investigate localness and sustainability as part of its customer value proposition/brand essence.

It is an ironic finding that further investment in local, sustainable initiatives might drive perceptions of corporate reputation and value for money. These investments could raise bills for the very groups who are least likely to think they are currently getting value for money, which is lower among Westernport's customers than it is elsewhere.



The reason why local and sustainable characteristics have debatable effect is that when customers were asked what they expect from Westernport Water, 24% mentioned affordable services compared to just 6% for sustainability and 4% for concerns about being local.

This entire issue is emblematic of the tension that exists for all water corporations between taking the role of a utility and taking the role of a customer service organisation.

Nevertheless, value for money is sure to be an increasingly important way that the regulator will judge the performance of water corporations in future.

2. Overview

Background

In 2014 Gippsland Water, Westernport Water, East Gippsland Water and South Gippsland Water engaged Insync to design, run, analyse and report on their telephone based Customer Satisfaction Survey. By coming together, each of the water corporations got better value for money than if they had acted alone. Further, working together allowed for the benchmarking of results and the possible identification of opportunities for collaboration.

In 2015, the survey was repeated and this is the third time Insync has worked with Gippsland Water, Westernport Water, East Gippsland Water and South Gippsland Water on their telephone based Customer Satisfaction Survey.

This year, all four MOU members elected to repeat the study.

In previous years a .pdf report on results has been provided. In 2016 we have moved to online reports, which can be reached at http://surveys.insyncsurveys.com.au/admin/Customer/gippslandwaterCSS2016

The online reports permit self-directed analysis of the results. They are accompanied by this executive summary.

Increasing importance of customer outcome metrics

WW is well aware of PREMO and the potential benefits, both reputational and financial, of proposing prices that reflect community desires.

The ESC has twice intimated that it is contemplating a move from collecting output metrics (spills, leaks, phone answers etc) to outcome metrics such as satisfaction, trust, value for money, reputation or affordability.

Though all sixteen retail water corporations have the same governance arrangements in Victoria, there are undoubtedly sets of "peer groups" of comparable providers. One tier contains the three metros; another tier is made up of the larger regionals including Gippsland, Coliban, GVW, Central Highlands and North East. Barwon and Western could be considered another set of peers. East Gippsland, Wannon, North East, GWM and South Gippsland also have similarities. Westernport, though it has some characteristics in common with South Gippsland, has many unique features.

This means that although we focus on comparisons within the MOU group in this study, over the coming years comparisons elsewhere in the state might become more prominent. We know from the WSAA study that in general, customers of larger water corporations give higher scores.[1] This means that with the possible exception of SGW and EGW, comparisons within the MOU group should not lead to complacency. The risk is most real for Gippsland Water, which is not being compared to any similarly sized water corporations in this study. Conversely, EGW can feel most comfortable.

[1] This is not necessarily because larger water corporations are better. It could be because satisfaction is driven by affordability, and affordability is driven by household income. Income is highest in big cities and the biggest water corporations are all in the biggest cities. i.e. we think we are measuring satisfaction with watercos but in fact we might be measuring household income.

Research methodology

Water corporations provided customer phone numbers to Insync, which engaged a quality assured third party fieldwork agency to make the calls.

Respondent characteristics

Four hundred of WW's customers provided feedback for this study, which means that 19 out of 20 of the statistics in this report will be within 5% of the statistic we would have calculated had every single customer been surveyed.

WW had fewer concession card customers and more couples without children at home (20%) than the other corporations. It also had the lowest proportion of Gen Y respondents; and therefore the highest proportions of customers over fifty (83%).

As one would expect, WW also has the highest proportion of absentee customers (30% of respondents).

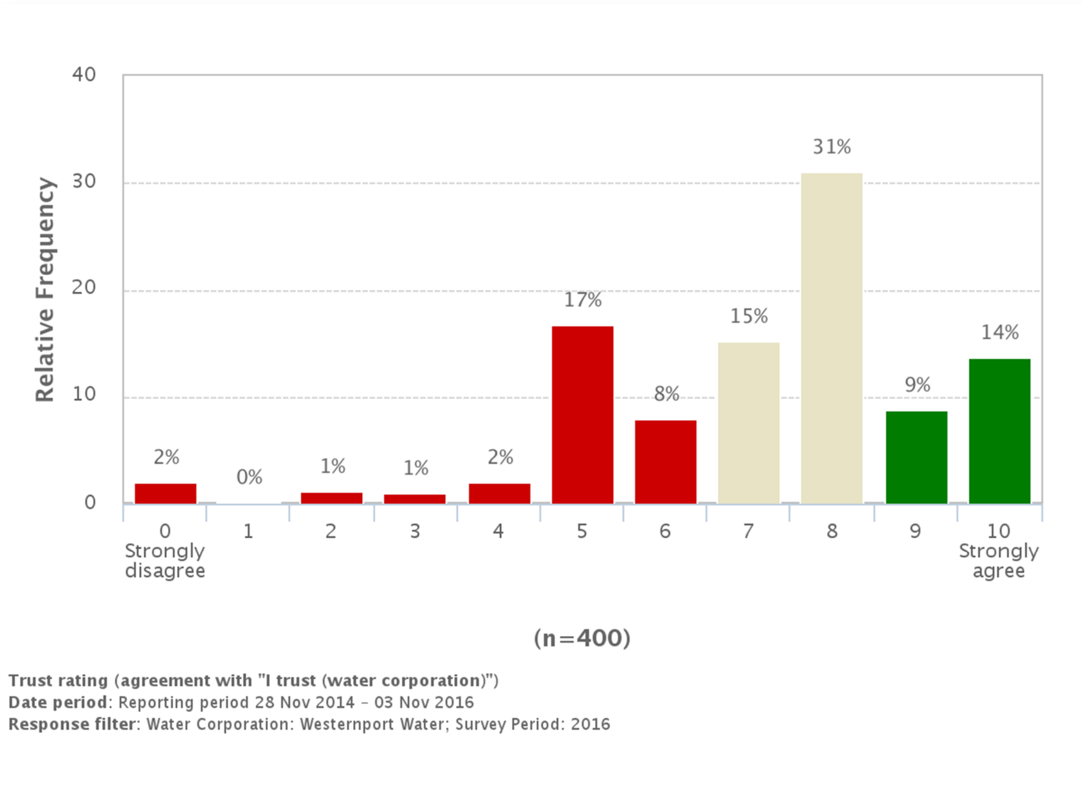
Eighty-six percent of customers could name WW, and when prompted that figure rose to 93%. In other words, around one in fourteen in the community haven't heard of WW.

3.Selected results

This summary document is not designed as a comprehensive report. Participating water corporations elected to use the online results portal for comprehensive analysis, and have requested Insync provide a summary of results. Therefore, many findings not considered notable have been omitted from this document.

Trust

Westernport Water's net trust score has risen by 5 points from last year to -9. This is within the margin for error, but it is likely to be a genuine effect rather than a measurement error. However, it is also the equal lowest of the MOU members:



The Net Promoter System (NPS) calculates a 'net' word of mouth about a product or organisation by subtracting the number of detractors from the number of promoters. The NPS score is based on the question: "How likely would you be to recommend X to a friend or colleague?"

Water customers cannot select their water utilities, so asking the standards NPS question is problematic, with responses in the past such as “why would I suggest <water utility> when my friends don’t live in the same area?”

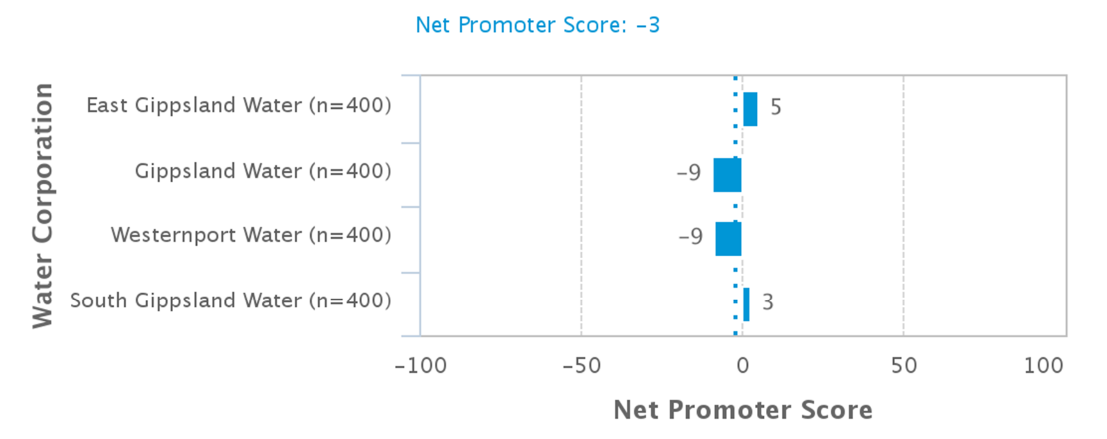
However, Insync have suggested the use of a ‘Trust’ question in the same format as the NPS. This question was used for the National Water Services Association of Australia Customer Perceptions Project. The question ‘Please rate your level of agreement with the following statement where 0= strongly disagree and 10= strongly agree, I trust <water corporation>’ is used to derive a ‘trust’ score in the same way that an NPS is calculated.

The ‘Trust’ score (NTS – Net Trust Score) is calculated on an 11-point scale and has been used interchangeably with “NPS” in this report. Detractors are any respondents who rate their agreement between 0 and 6, Passives are those who rate their agreement between 7 and 8, whilst Trusters are those who rate their agreement between 9 and 10. The score is equal to the percentage of the total sample who are categorised as Trusters/Promoters, minus the percentage of people who are categorised as Detractors

Net Promoter Score* (NPS)

Detractors	Passives	Promoters	NPS
31% (n=125)	46% (n=185)	23% (n=90)	-9

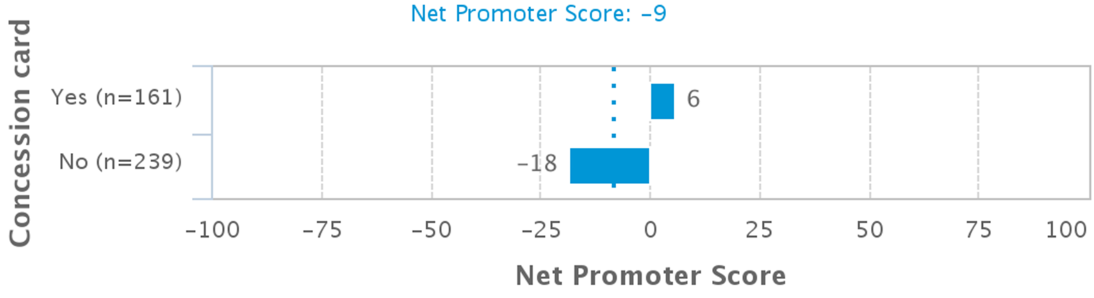
* NPS (Net Promoter Score) is a customer loyalty metric on a 0-10 scale rating question, developed by Satmetrix Systems, Inc., Bain & Company and Fred Reichheld. NPS = (Promoters - Detractors) / Total responses.



Trust rating (agreement with "I trust (water corporation)")
Date period: Invited between 28 Nov 2014 – 02 Nov 2016
Response filter: Survey Period: 2016

The effect of different demographics on trust scores

The NTS for Westernport Water this year is -9. There are some notable differences among demographic classes, for example, those without concession cards were much more harsh:

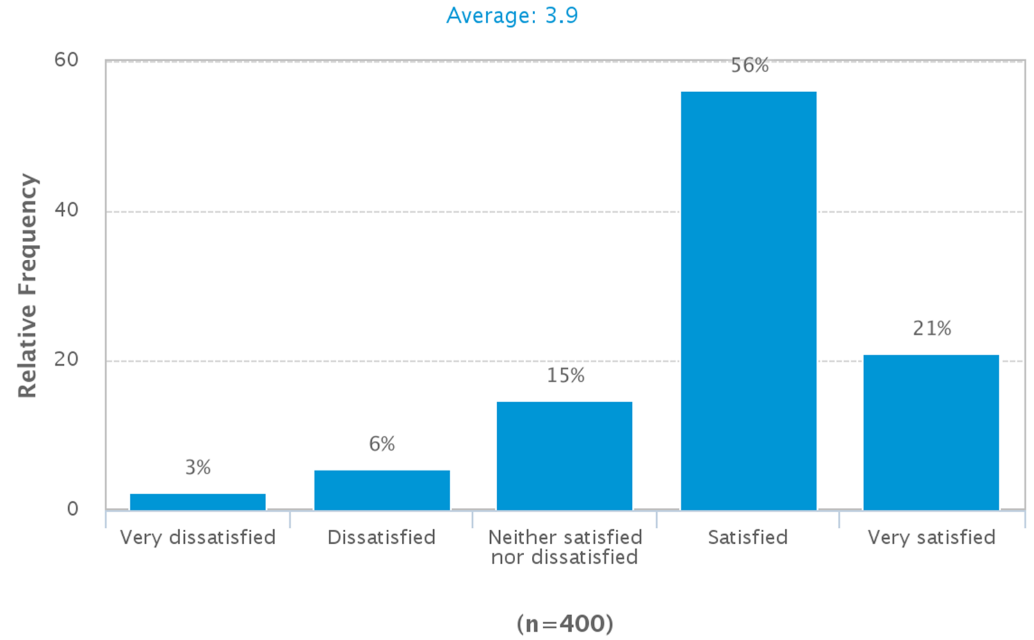


Trust rating (agreement with "I trust (water corporation)")
Date period: Reporting period 28 Nov 2014 - 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016

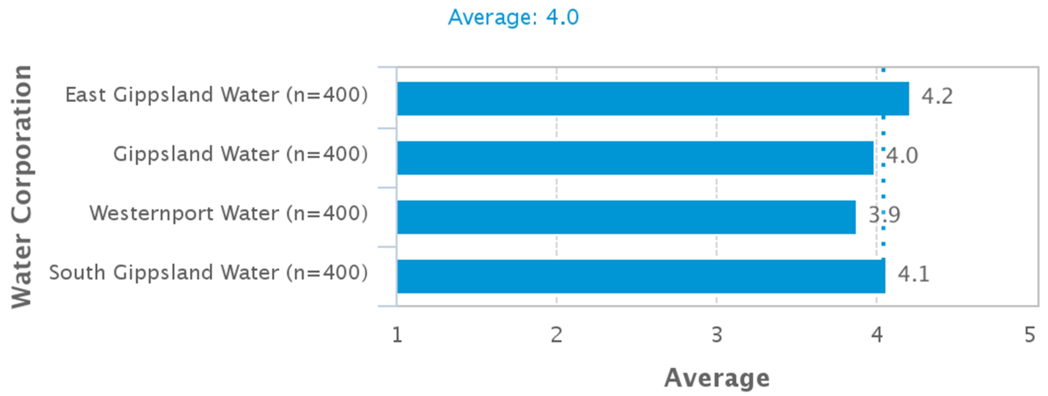
The score is impacted by absentee customers (-14), Baby Boomers/Gen X (-17 and -15 respectively) and those with children at home (-19). This last observation is ironic since families with children at home are likely to be larger water users and therefore the biggest beneficiaries of WW's price structure of high fixed tariffs.

Satisfaction

The Satisfaction result is a little more telling than the Trust result. At 3.9 it is significantly lower than industry leader East Gippsland Water, which scored 4.2 out of five. EGW has only 3% of respondents were either Dissatisfied or Very Dissatisfied compared to 9% at WW. . There has been no significant change to this metric over the three years of the study.

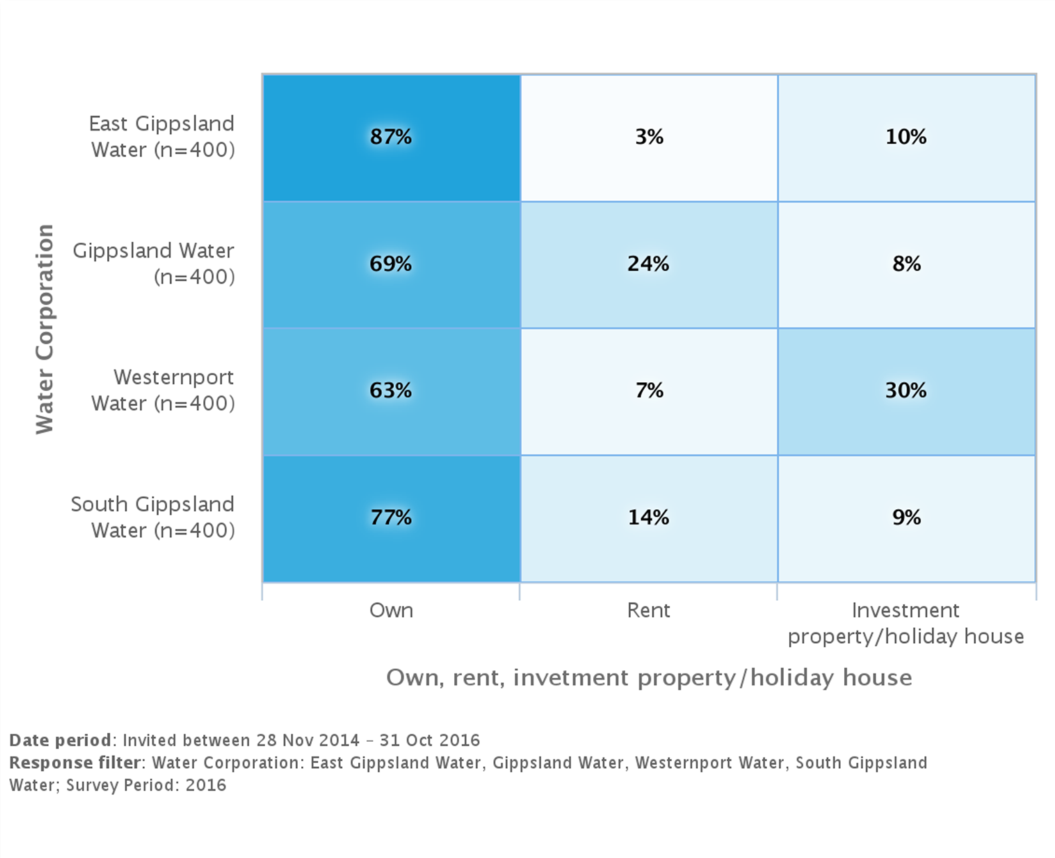


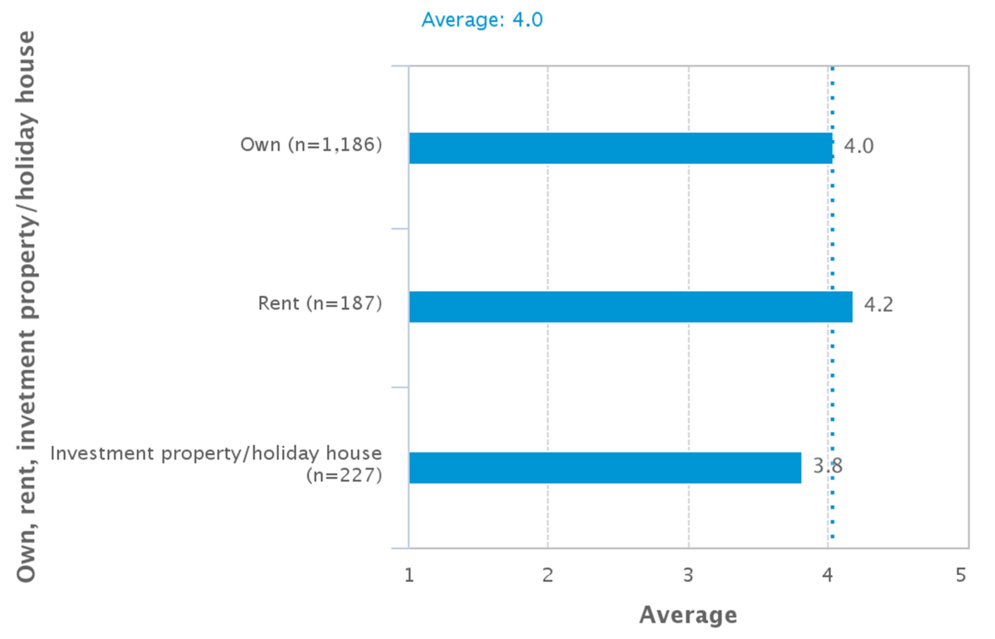
Overall, how satisfied are you with (water corporation), as a service provider?
Date period: Reporting period 28 Nov 2014 – 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016



Overall, how satisfied are you with (water corporation), as a service provider?
Date period: Invited between 28 Nov 2014 – 31 Oct 2016
Response filter: Water Corporation: East Gippsland Water, Gippsland Water, Westernport Water, South Gippsland Water; Survey Period: 2016

Opposing effects can be observed in the property ownership question. Overall, renters are the most satisfied group, and investors/holiday house owners the least. WW suffers in this regard, having the lowest proportion of renters and the highest proportion of investors. (WW's small number of renters were not the same as renter responses from elsewhere in the region, but there were so few that no conclusions should be drawn from the fact).



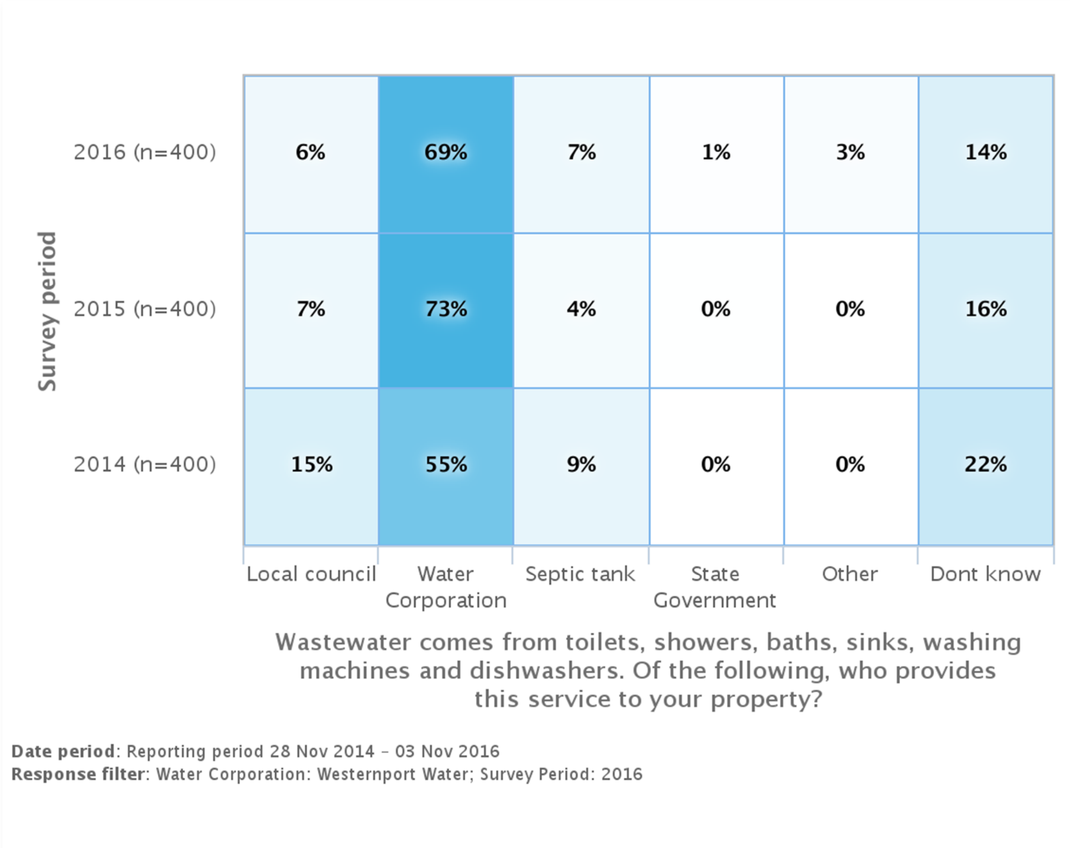


Overall, how satisfied are you with (water corporation), as a service provider?
Date period: Invited between 28 Nov 2014 – 31 Oct 2016
Response filter: Water Corporation: East Gippsland Water, Gippsland Water, Westernport Water, South Gippsland Water; Survey Period: 2016

Increased knowledge of wastewater provision

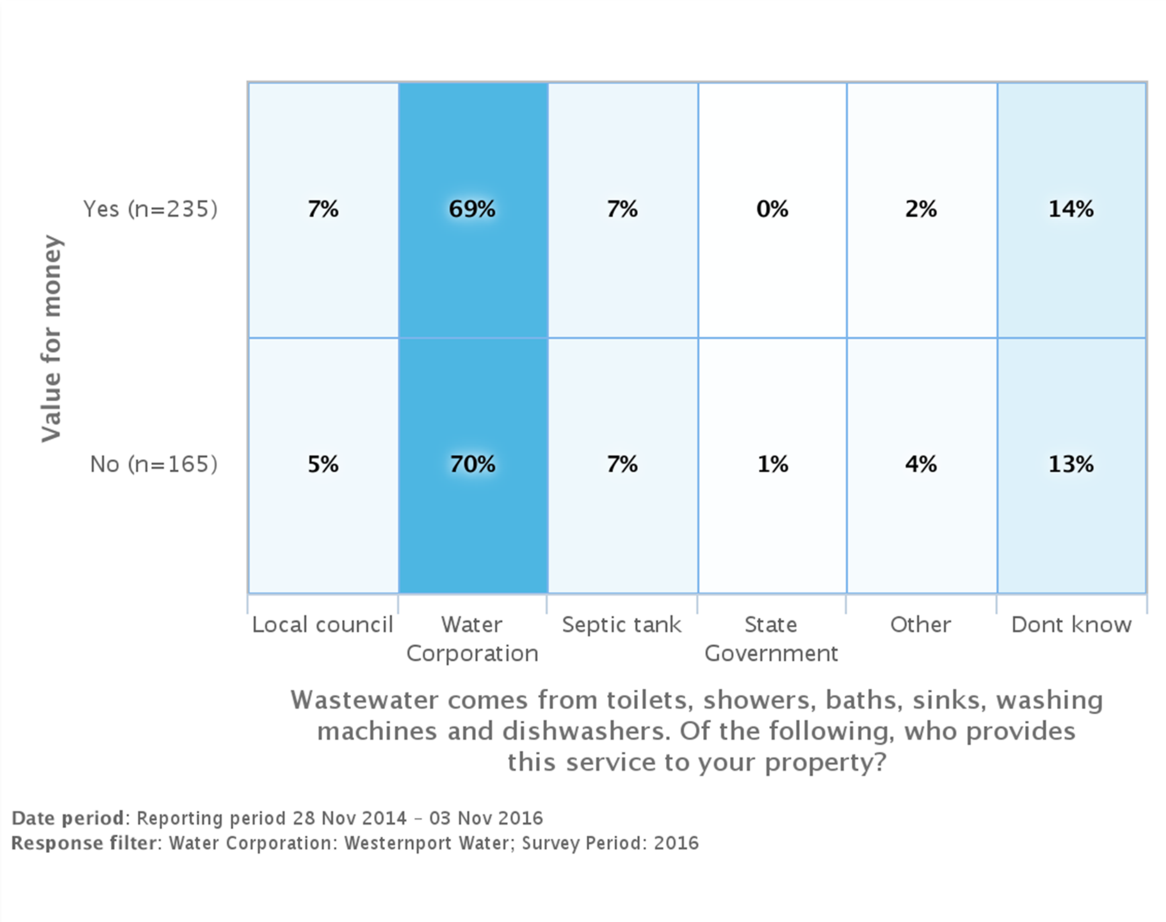
In previous years Westernport Water noted that a key opportunity for increasing perceptions of value for money was to let customers know that their water bill includes their wastewater service.

WW's efforts in this regard are paying off. The table below shows that two years ago, only 55% of respondents thought that WW provided their sewerage service. That statistic rose to 73% last year and this year dropped back slightly to 69%. Over the three studies this change is beyond the margin for error.



This is a notable rise and shows that effort on the part of the corporation pays off. Effort regarding this issue is often driven by the fact that on average, those who know that their water corporation bill includes their wastewater service have higher trust, value for money and satisfaction than those who don't. Therefore, the logic goes, if more people become aware of who provides their wastewater service, then overall reputational metrics will rise.

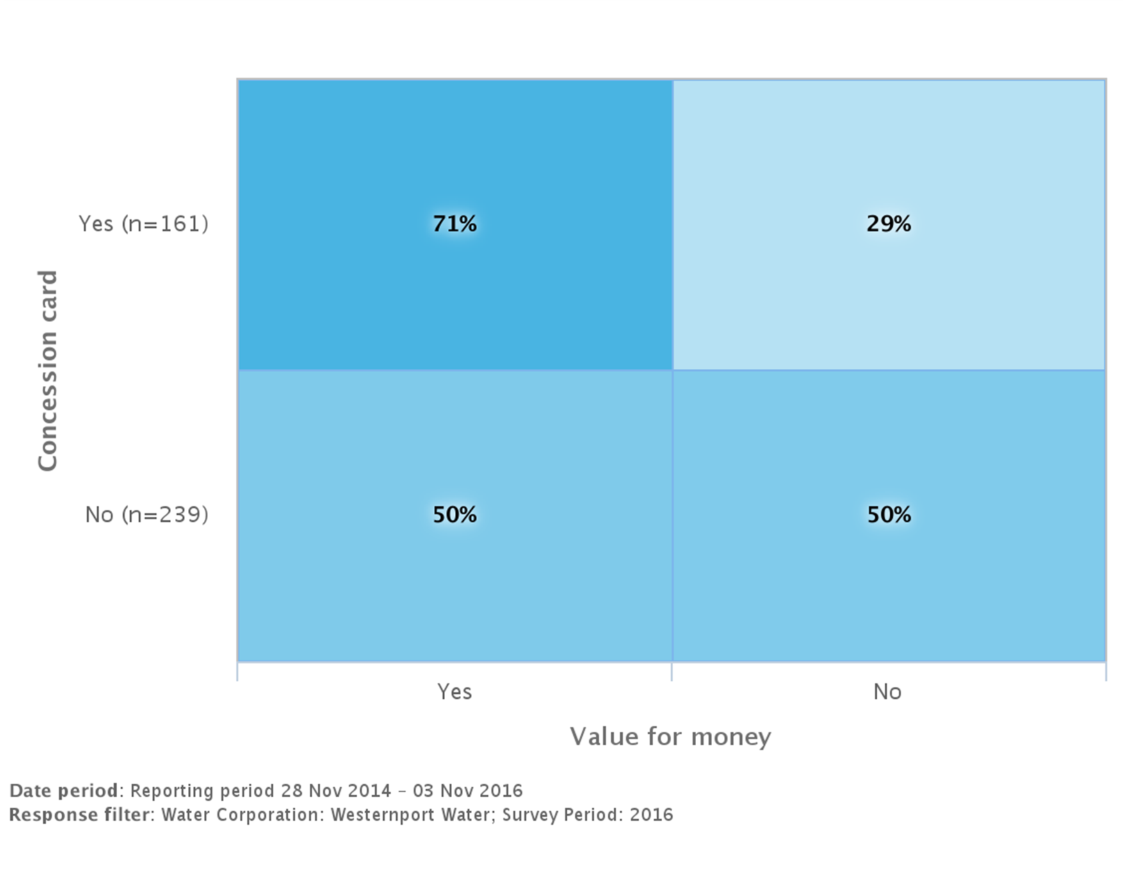
Westernport Water's experience provides limited support for the logic trail described above. Demonstrably more customers know who provides their wastewater service; and the Trust score has risen by five points. This is not a conclusive finding; especially since the Value for Money responses don't show the same rise:



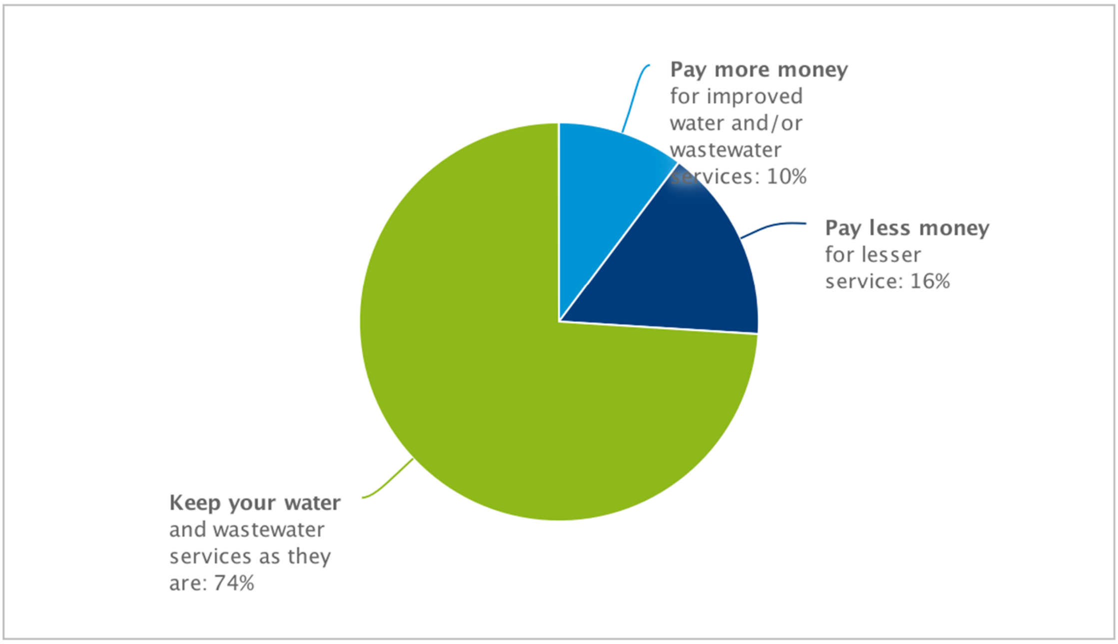
The next section deals with value for money in more detail.

Value for money

The ESC is increasingly focused on value for money. Only around six in ten WW customers agree that they get value for money. Notably, this figure drops to just 50% among those who do not have a concession card. The effect is to make concessions appear overly generous, keeping in mind that concession card holders also trust WW more.

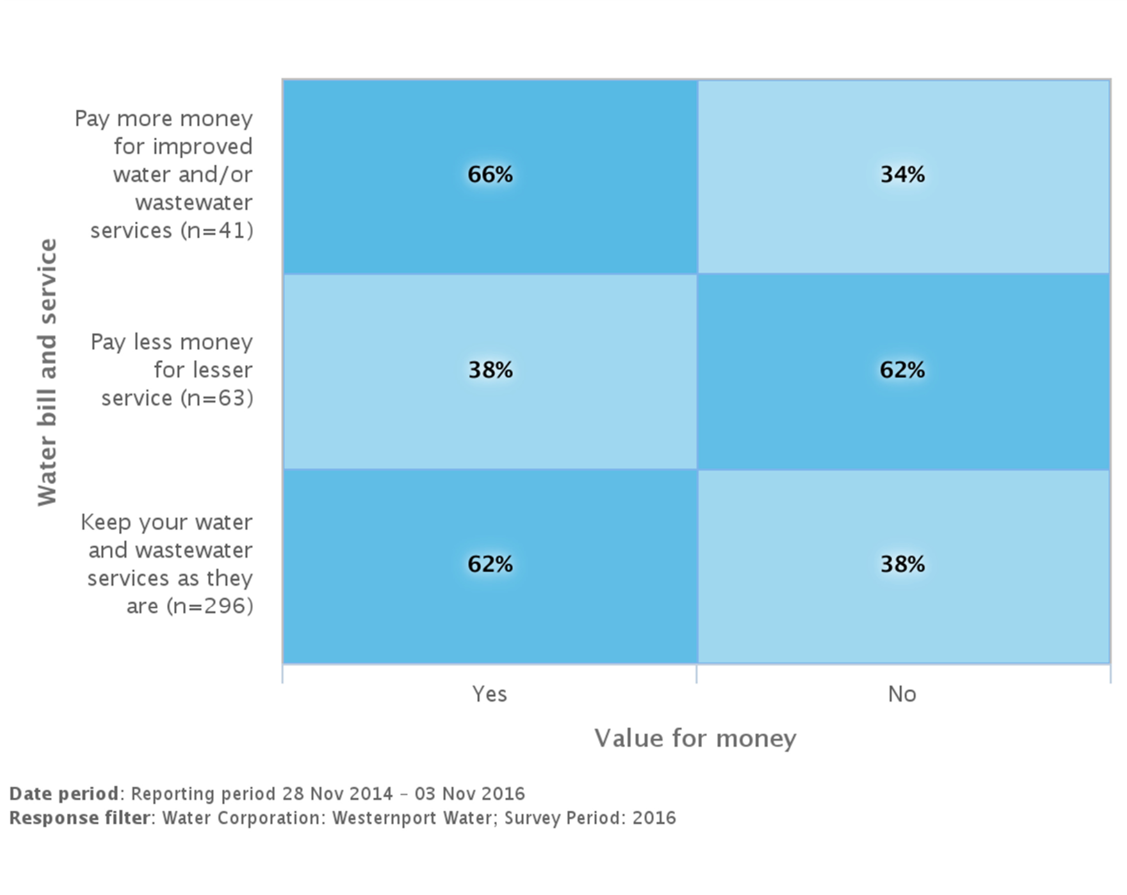


In previous years we asked whether respondents would prefer more service for more money, or less for less. We did not give them the choice of the status quo. In 2016 we added the option for consumers to agree with current services and prices, and revealed a striking result. Seventy-four percent of respondents expressed that they are happy with the current price/service balance.



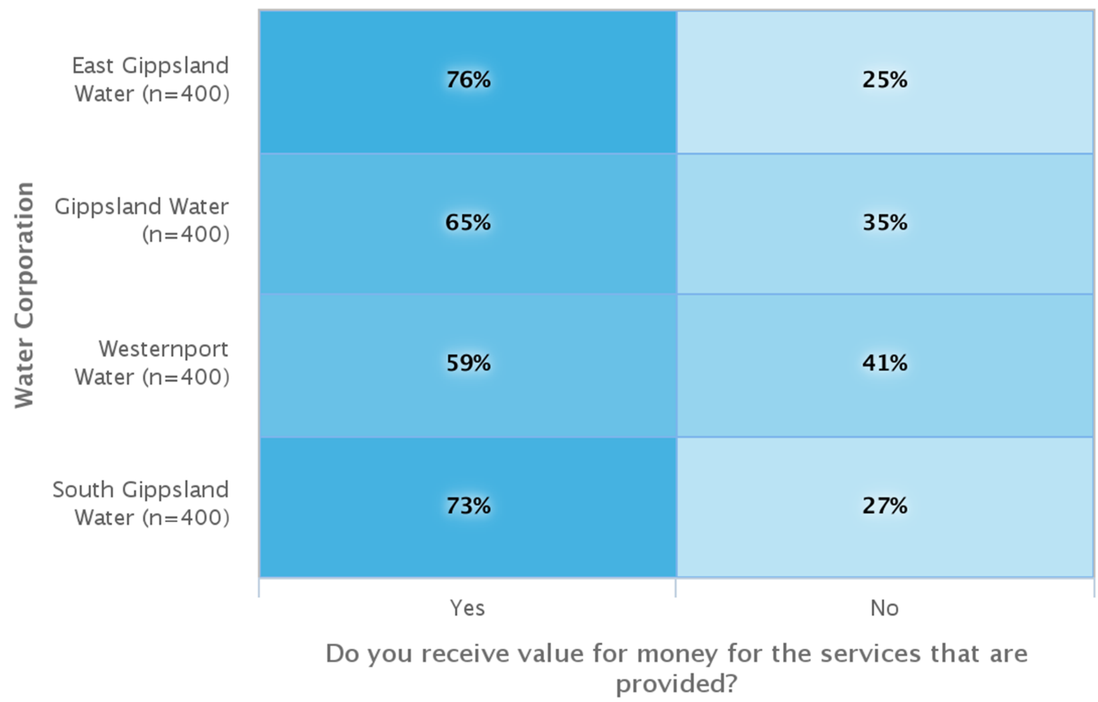
Thinking about your water bill and the service provided, would you like to
Date period: Reporting period 28 Nov 2014 – 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016

On balance, most of those who want the same or higher levels of service think they are getting value for money. Most of those who want lower levels of service don't think they are getting value for money.



Absentee landlords are most likely to be unhappy with the status quo, but the 30% who want change are evenly divided between those who want more for more, and those who want less for less.

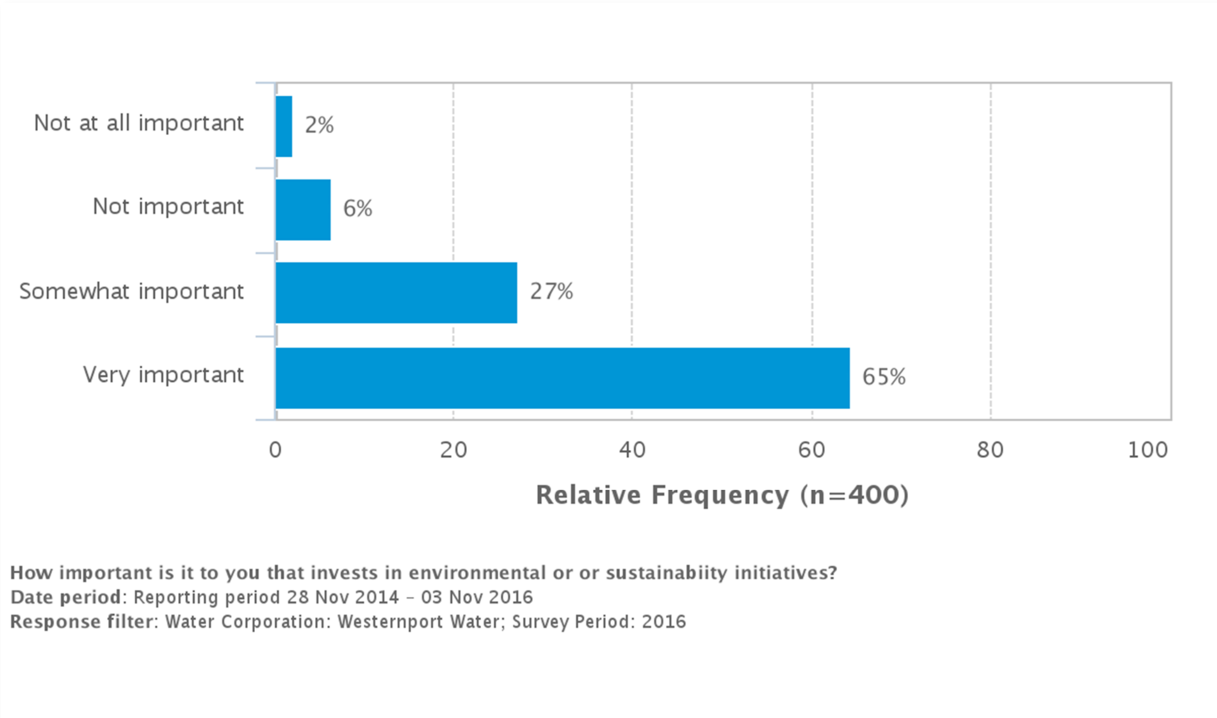
Value for money is the lowest of the MOU members, and the difference is not explained by the views of absentee customers.



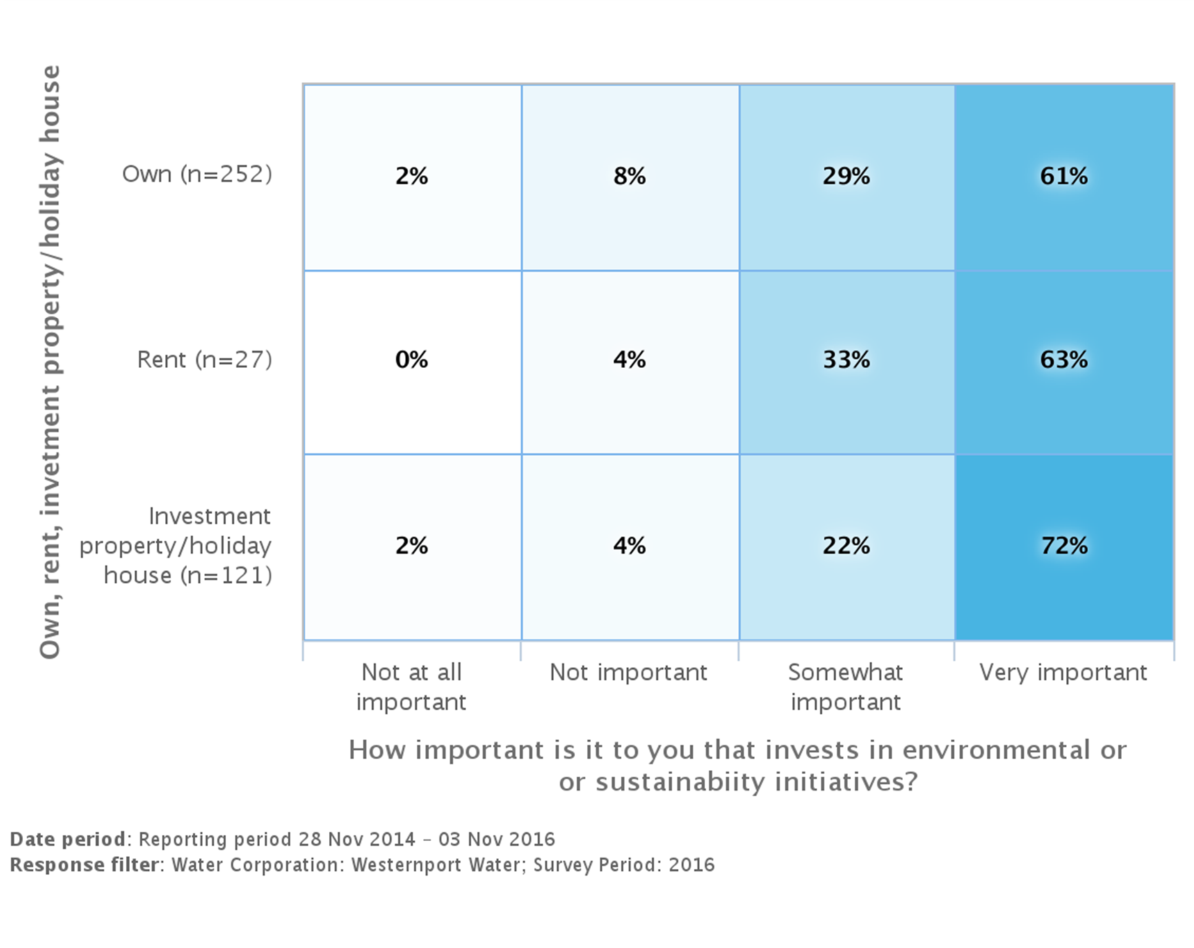
Date period: Invited between 28 Nov 2014 - 02 Nov 2016
Response filter: Survey Period: 2016

Expectations of environmental stewardship

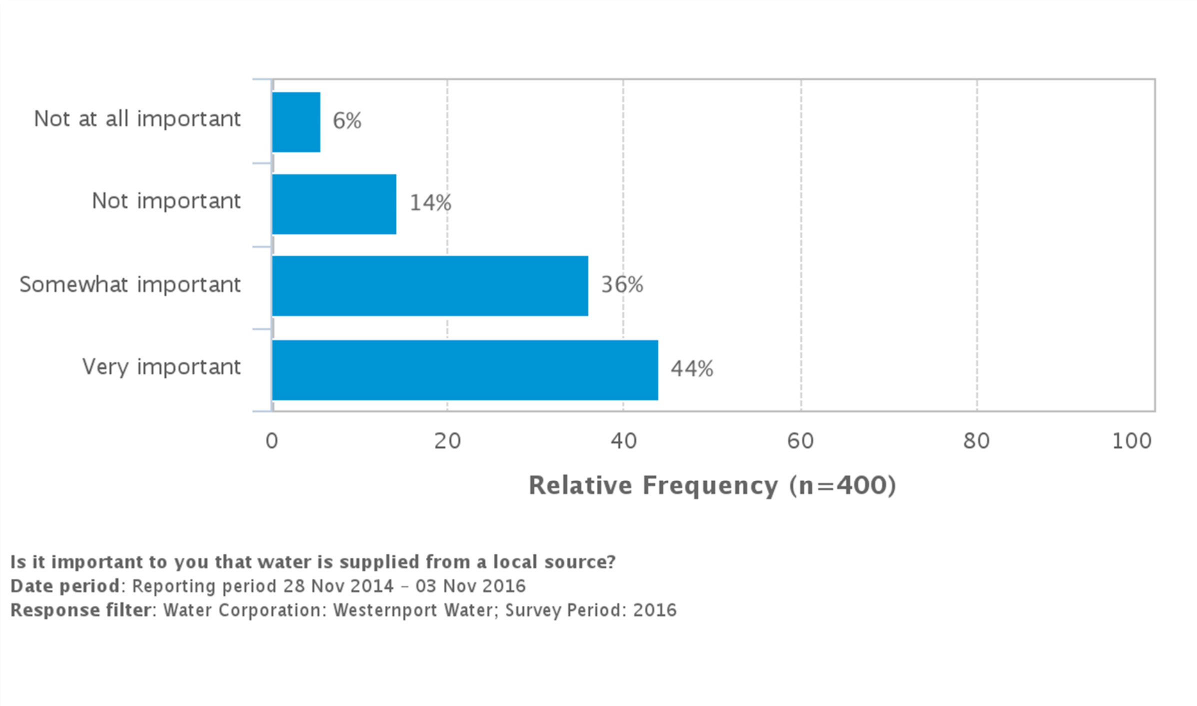
A new item in the 2016 survey focused on community expectations of environmental stewardship. The result was very clear.



This result is driven in the main by non-resident property owners:



A second environmentally based question asked about locally sourced water, which is important to 80% of respondents:

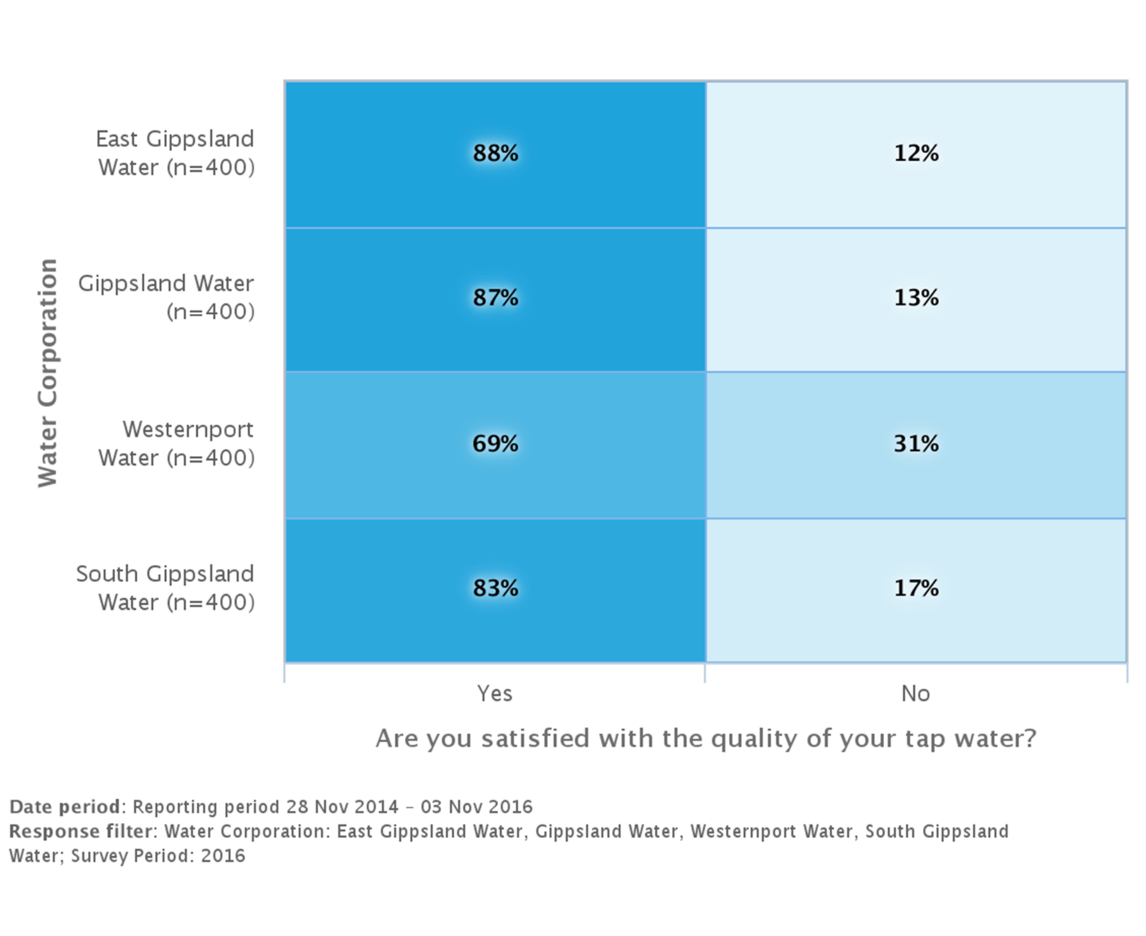


Unlike the previous question, this result is driven more by resident property owners.

We are of the view that a survey might not be the right engagement technique to discover the community's informed opinion on these matters. A collaborative approach could usefully be taken if investment decisions are being considered.

Water quality

Thus far we have discussed a range of factors that may impact or explain why WW's scores are often lower than the other MOU group members. Collectively they are not satisfactory. We suggest that the missing variable is water quality, which scores lower for WW than its peers:



This statistic has not changed materially over the three studies. It is little affected by concession card status or household type, but a range of other factors do show and effect.

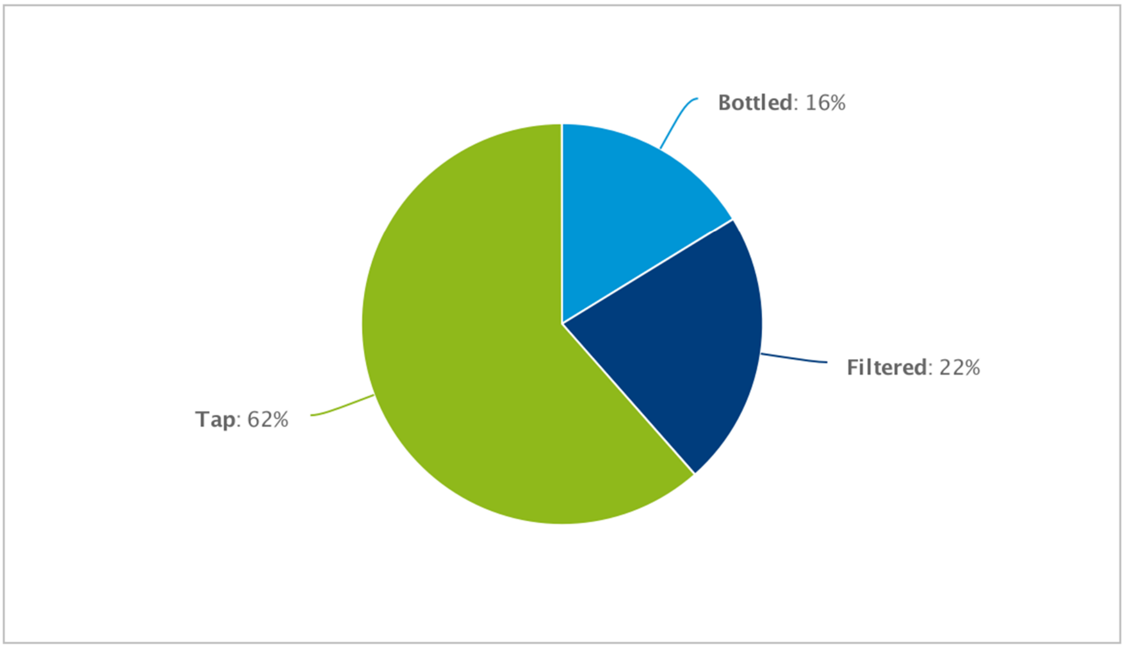
For example, satisfaction with water quality is partially predicted by whether a person lives full time with Westernport Water. Absentee customers are 8% lower on this metric. It also correlates with value for money perceptions. Of those who think they are getting value for money, 74% are satisfied with the tap water. Of those who aren't getting value for money, only 62% are satisfied with the tap water. Of the approx. 10% of customers who want to pay more, half of them are currently dissatisfied with the quality of their tap water.

Here is a list of comments about why customers are dissatisfied with the quality of their tap water:

- Too much chlorine in it.
- The chlorine
- Does not taste the best.
- Sometimes it tastes like chlorine.

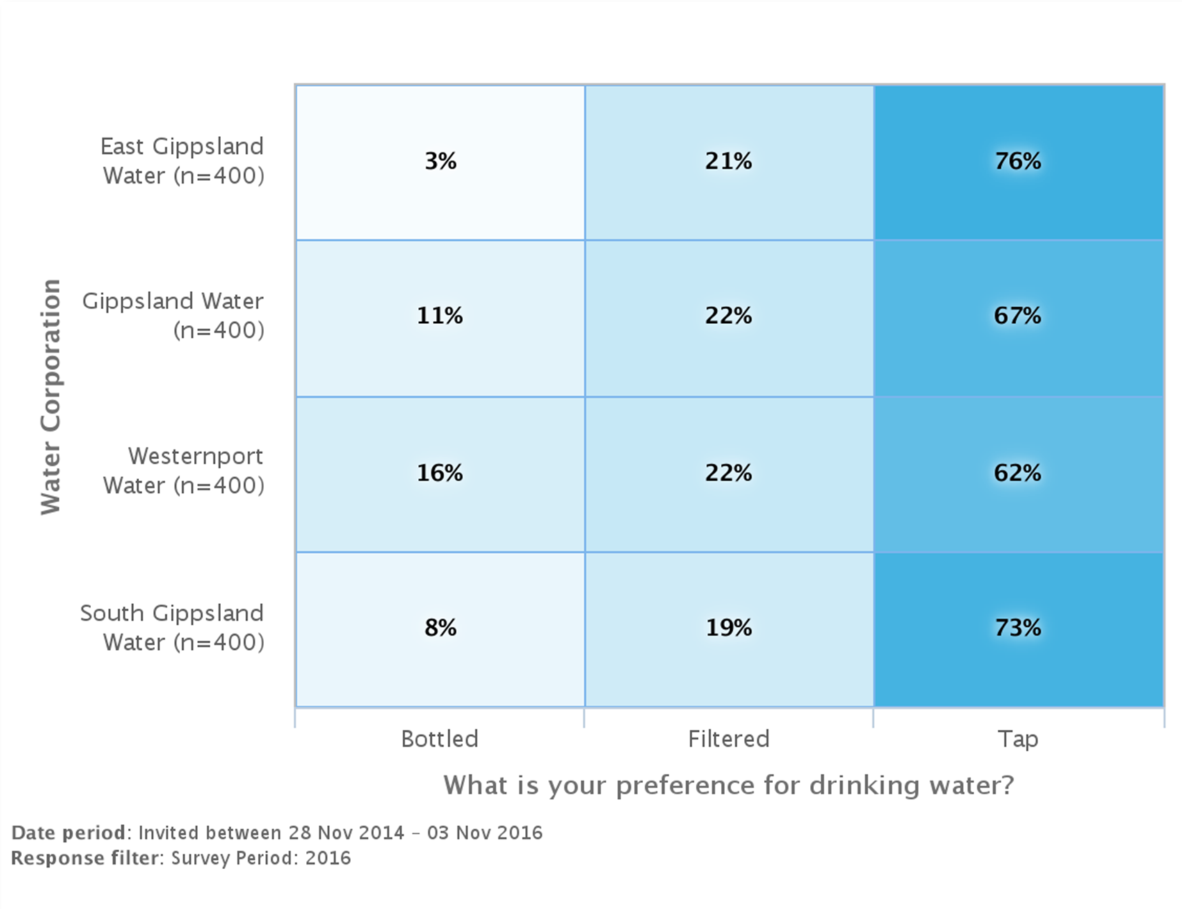
- We are wary of the water there. There is too much chlorination.
- It is improving, thinking of putting in a filtration system
- Just too much chlorine.
- Tastes bad. It varies, sometimes it tastes like chemicals and sometimes it stinks like a fish tank.
- There seems to be too many chemicals in the water. You can taste them.
- It tastes shit.
- My jug gets stained brown when you boil the water.
- Lot of chlorine in it. I can smell it in it. It is something to worry about
- Chlorine is awful in taste, I am sure it's safe but tastes awful
- Tastes limey.
- Has chlorine, can't drink it
- It is disgusting. It is not a nice taste, it is not clean, it doesn't taste fresh, it is kind of like creamy. When we are down there, we see people stocking up on water at the supermarket so I know we are not the only ones who think so!
- It tastes awful.
- It is a little bit hard. Water is not as good as Melbourne water
- Too much chlorine sometimes
- Tastes terrible

Only 62% of interviewees drink unfiltered tap water, a finding largely unrelated to whether a person lives full time with Westernport Water or not.



What is your preference for drinking water?
Date period: Invited between 28 Nov 2014 - 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016

Though the lowest in the MOU group, this statistic has risen by six percent since last year, which is at the outer limits of the margin for error.



4.Other results

This section contains some other results that are worthy of note. However, we don't think they form an important part of the overall narrative.

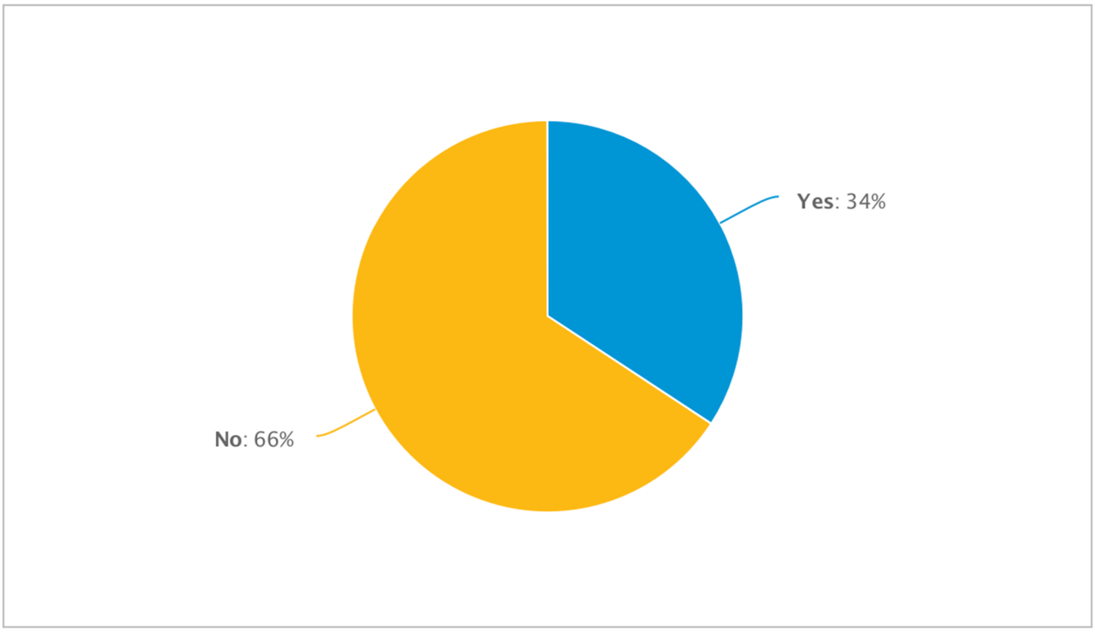
What do you expect from your water corporation?

Respondents were asked to tell us what they expect from WW. Their results were coded into various categories. The results were entirely in keeping with past results and expectations, which quality/heath being top of mind, and other issues such as reliability less regularly mentioned. "Nice to haves" such as environmental performance are third tier issues and were less common. This is commensurate with North East Water's values research.

Service

Have you been in touch with your water corporation in the last twelve months?*

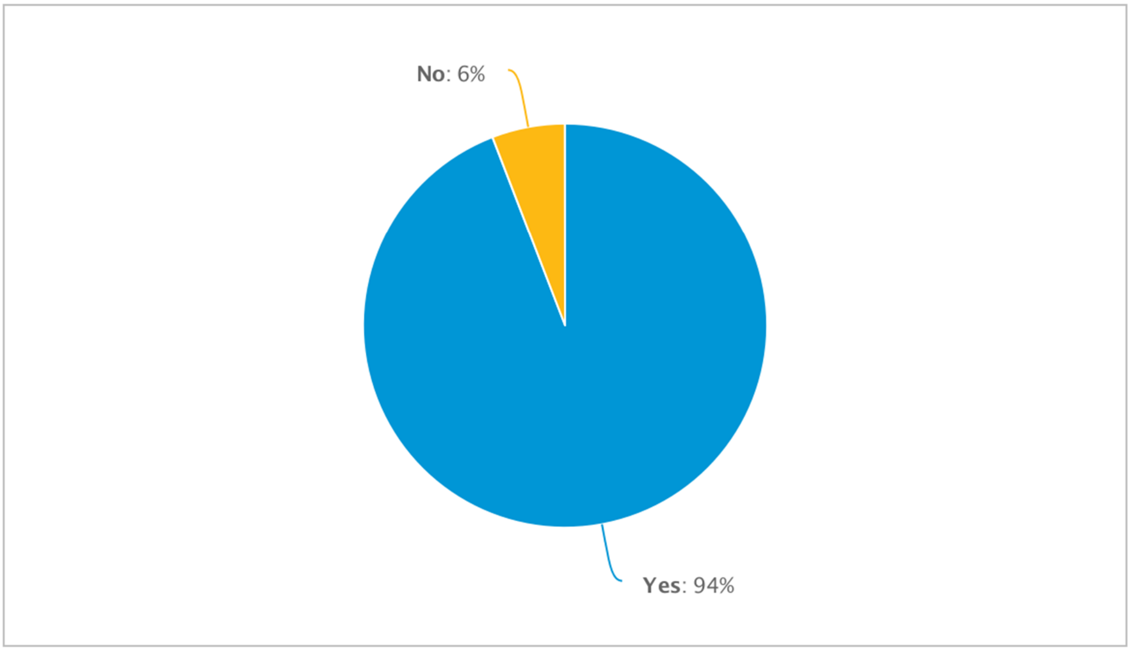
Over one third of respondents had been in touch with Westernport Water in the last twelve months.



Have you been in touch with your water corporation in the last twelve months?
Date period: Invited between 28 Nov 2014 - 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016

If yes, would you say that they are easy to deal with?

Of those respondents who had contacted WW in the past year 94% said they found the corporation's representatives easy to deal with.



Would you say that they are easy to deal with?
Date period: Invited between 28 Nov 2014 - 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016

If no, why not?

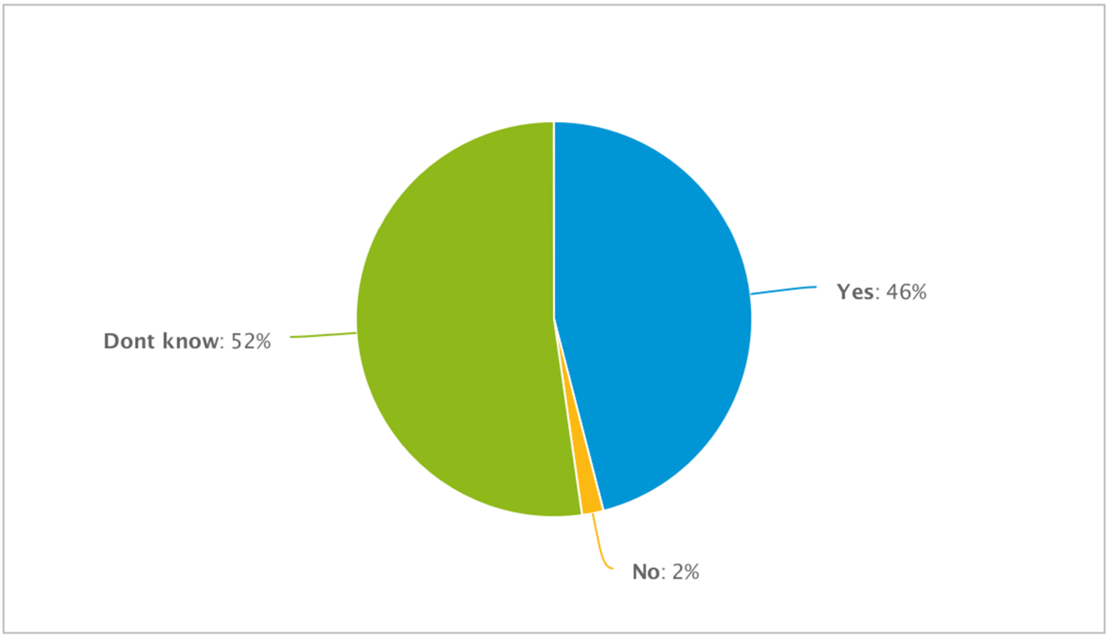
All responses from those who did not find WW easy to deal with:

- Sometimes they have trouble with the account side, like the account when you ask a question, and when they answer the questions you have. If you have a question about the pricing, they can't answer technical questions.
- They did not help me with my problem.
- I had an issue with the water main, they did not respond to me until now. Water bill should be reduced. I didn't hear from them at all.
- They are the worst similar department I have ever experienced. When my husband dealt with them, they are no good service at all.
- No because they don't rectify situations as quickly as I think they should.
- They didn't really care. When you get a bill for $300 and only $9 is water. When phoned, they gave me the impression they didn't care.
- We use $20 in water, they charged $230 for service fees. I am unsatisfied with it.
- Don't know

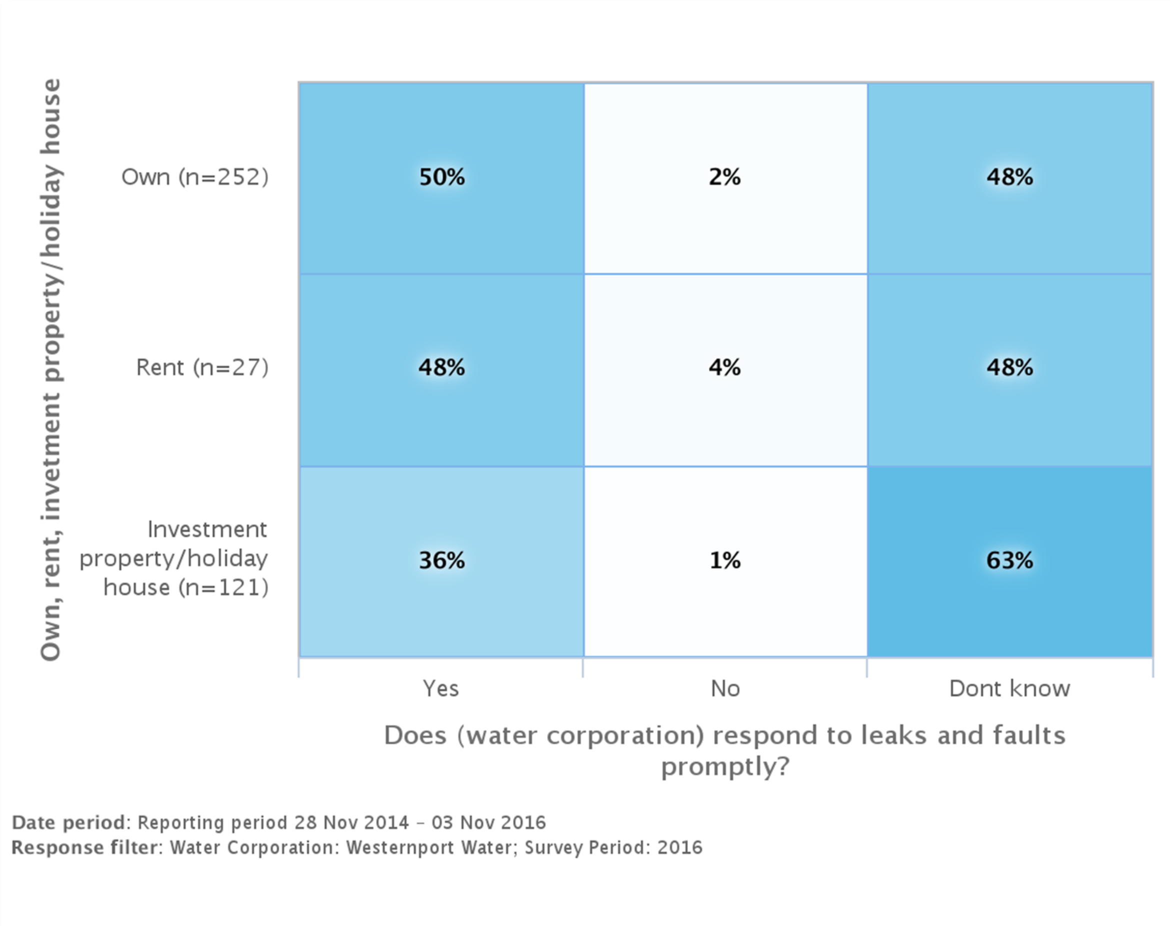
Responsive

Does Westernport Water respond to leaks and faults promptly?

This statistic hasn't changed a great deal over the three surveys. It is notable for the larger than normal proportion of "don't know" responses. This is a function of the high proportion of non-resident customers in the sample:



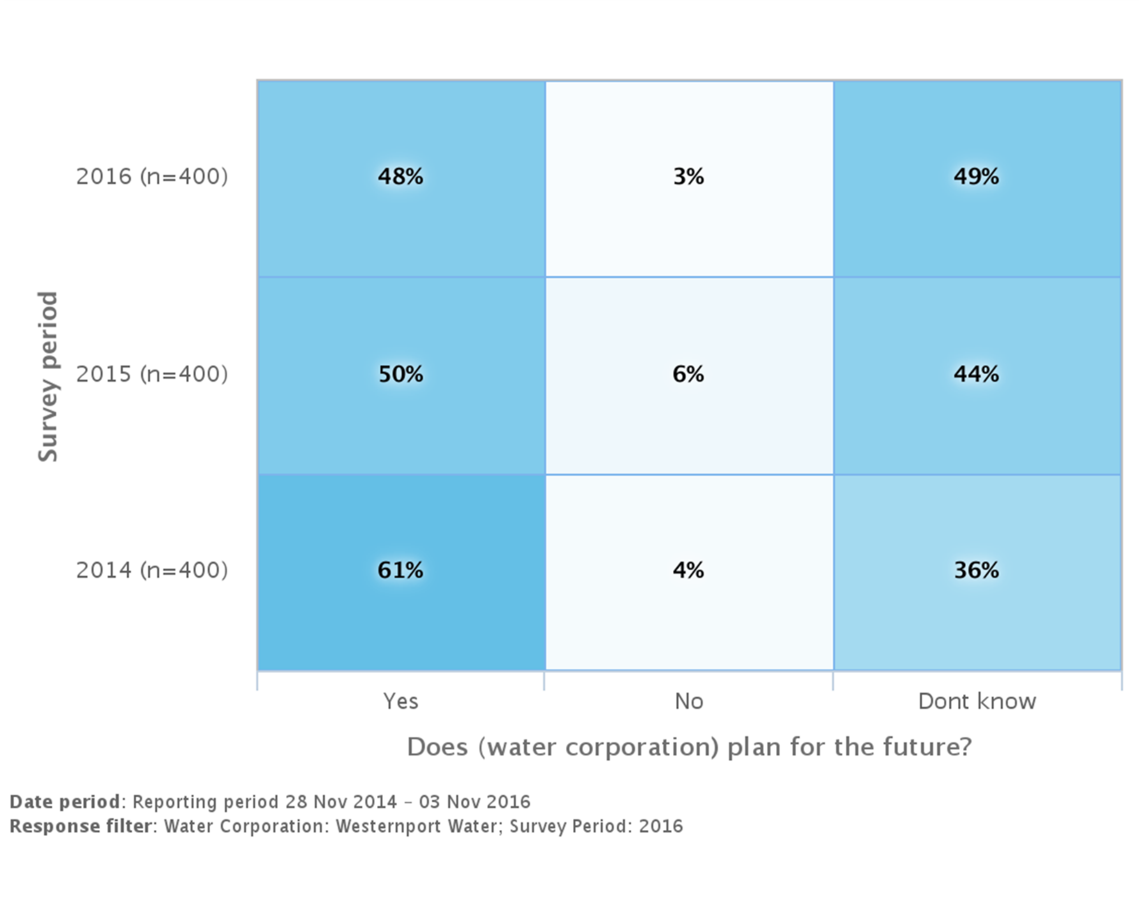
Does (water corporation) respond to leaks and faults promptly?
Date period: Reporting period 28 Nov 2014 – 03 Nov 2016
Response filter: Water Corporation: Westernport Water; Survey Period: 2016



Sustainable

Does Westernport Water plan for the future?

This result has dropped over the three surveys beyond the margin for error. Westernport shares this finding with East Gippsland Water. The change has been from Yes to Don't know.



Information

Would you say you get too much, too little, or about the right amount of information from your water corporation?

More than eight in ten customers get about the right amount of information from WW. However, the proportion who want more has risen from 10% to 16% over the three studies. This is an opportunity, since on average we know that those who claim to receive too much are on average more satisfied than those who don't receive enough.

If too little, what topics do you want to get extra information about?

Of the 16% of respondents who indicated they receive too little information, the most common things they would like to hear more about are:

- How they are going to improve the quality of the water.
- Desalination program, why are they only pumping to Melbourne and not farms.

- Why it costs so much, it costs nearly 300 dollars for water and you only get about 10 dollars in water, and the fees are excessive.
- How to be eligible for discounts.
- Like what they will be going to do to make the water better.
- Nothing much. Nothing really
- The environmental sustainability and water additives and preventatives, more transparency about water contents and chemicals used
- Just more in general usage and to see different plans and water saving messages.
- Anything to do with the water.
- How they can reduce cost?
- Nothing in particular.
- Don't know
- The availability of water restrictions being lifted and what's going in the availability of recycled water to properties.
- More information on sustainability. More information about protecting the water park near our area
- How to improve the taste.
- The cycle attachment type usual information.
- I don't know, I would just like to know more information about water.
- What people can do to sustain the environment.
- About how much rain water their rain water resevoir can contain, because we have had lots of rain lately and it still says we only have 74%.
- Environmental efficiency, and how to reduce cost. Information on water usage.