

Phase One Customer Insights

The perceptions, priorities and needs of customers were explored over three months to influence future products, services and prices as part of the 2023 Price Review.



1) Water Supply Management

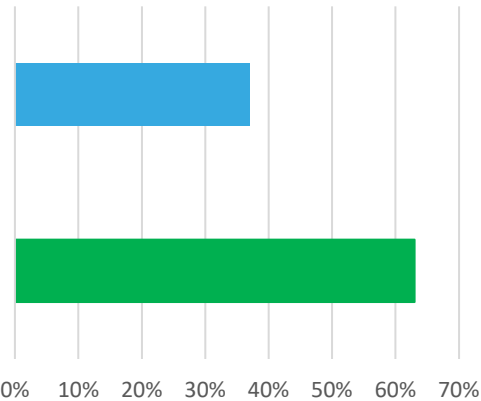


KEY FINDINGS

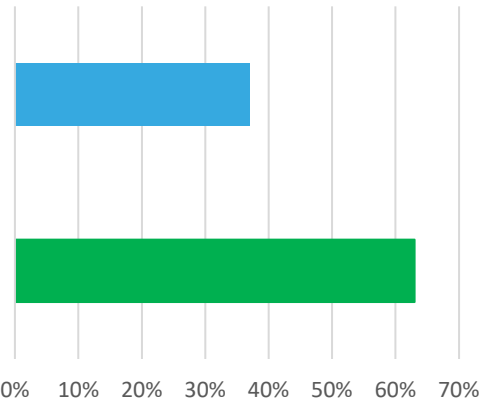
- Do not compromise on delivering consistent tasting drinking water and protecting the natural environment
- Affordability is favored over water security and maintaining community green spaces
- Healthy waterways, environment, agriculture, food production and urban amenities are perceived as the most important uses for water (beyond essential services)
- Water sources should be chosen based on their impact on climate change
- Traditional enforceable water restrictions are supported in times of drought
- Focus should first be on high use sectors to manage demand effectively.



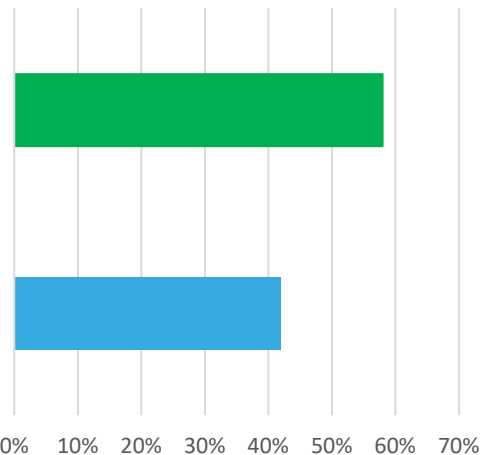
I can accept some variations to my drinking water as long as it remains safe to drink



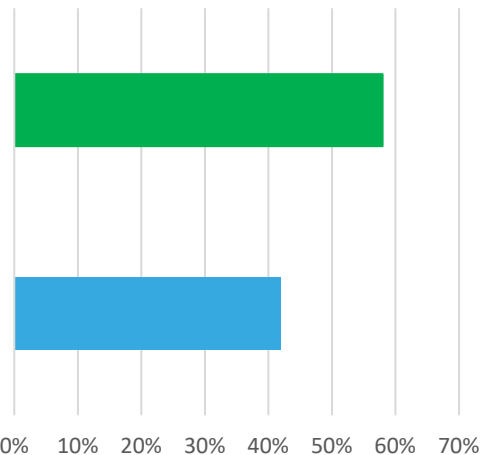
I value drinking water that tastes and looks the same every time



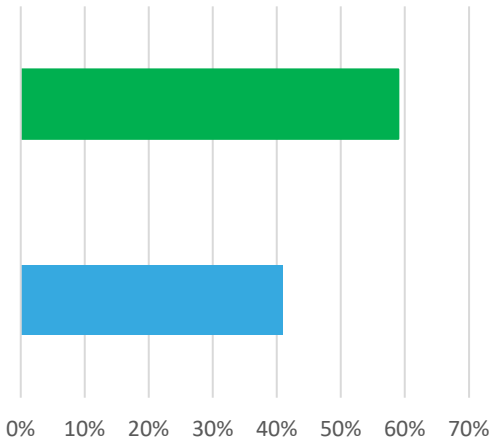
I value affordable water services, and am willing to accept occasional water supply interruptions for this



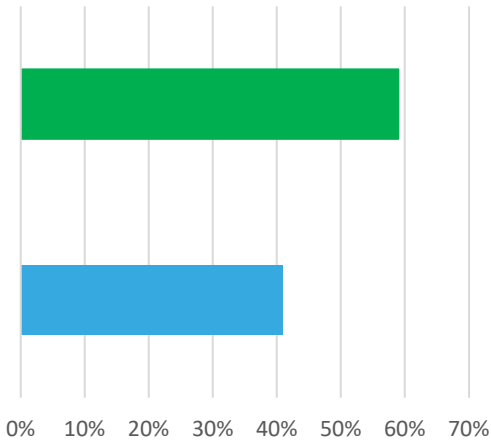
I value having a reliable water supply with minimum water restrictions, and am willing to pay for this



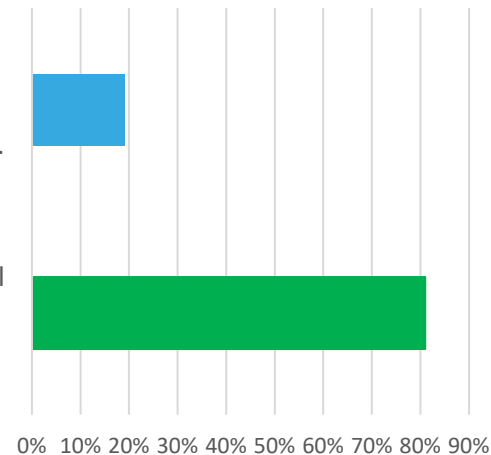
I value more affordable services, noting that community space may be brown and/or unusable in dry periods or times of drought



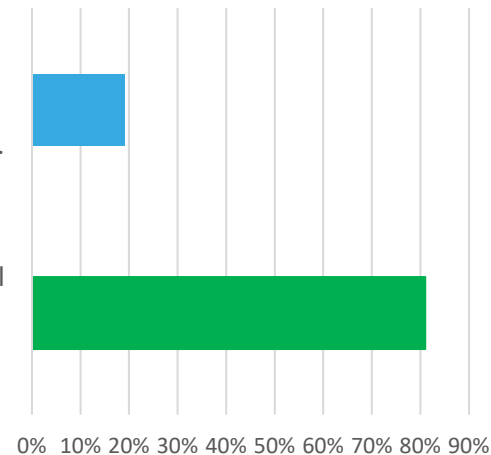
I value keeping community spaces green, even during dry periods and drought



I value more affordable water services even if it means less is done to protect the environment.



I value better protecting the natural environment we live in for the future



Customer importance ratings (1-100)

Supporting healthy waterways, environment and urban amenity outcomes	84
Ensuring there's enough water to support agriculture and food production	82
Ensuring there's enough water to support our existing way of life	81
Supporting Bass Coast's growing population well into the future	79
Ensuring there's enough water to support business and industry	73
Encouraging greater access to water for Traditional Owners	67



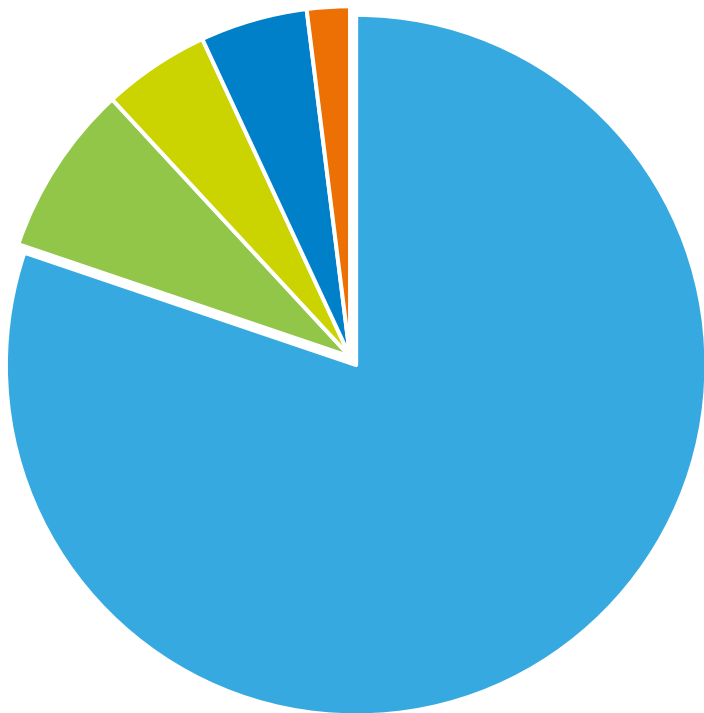
How do you think we should manage our available water sources? What should be used first?

Use the water source that has the least impact on climate change	3.03
Use locally sourced water most of the time	2.88
Use whichever water source is the most affordable	2.40
Use the Melbourne water supply system (even if it costs a bit more than local sources)	1.68

Ranked in order of preference using weighted score



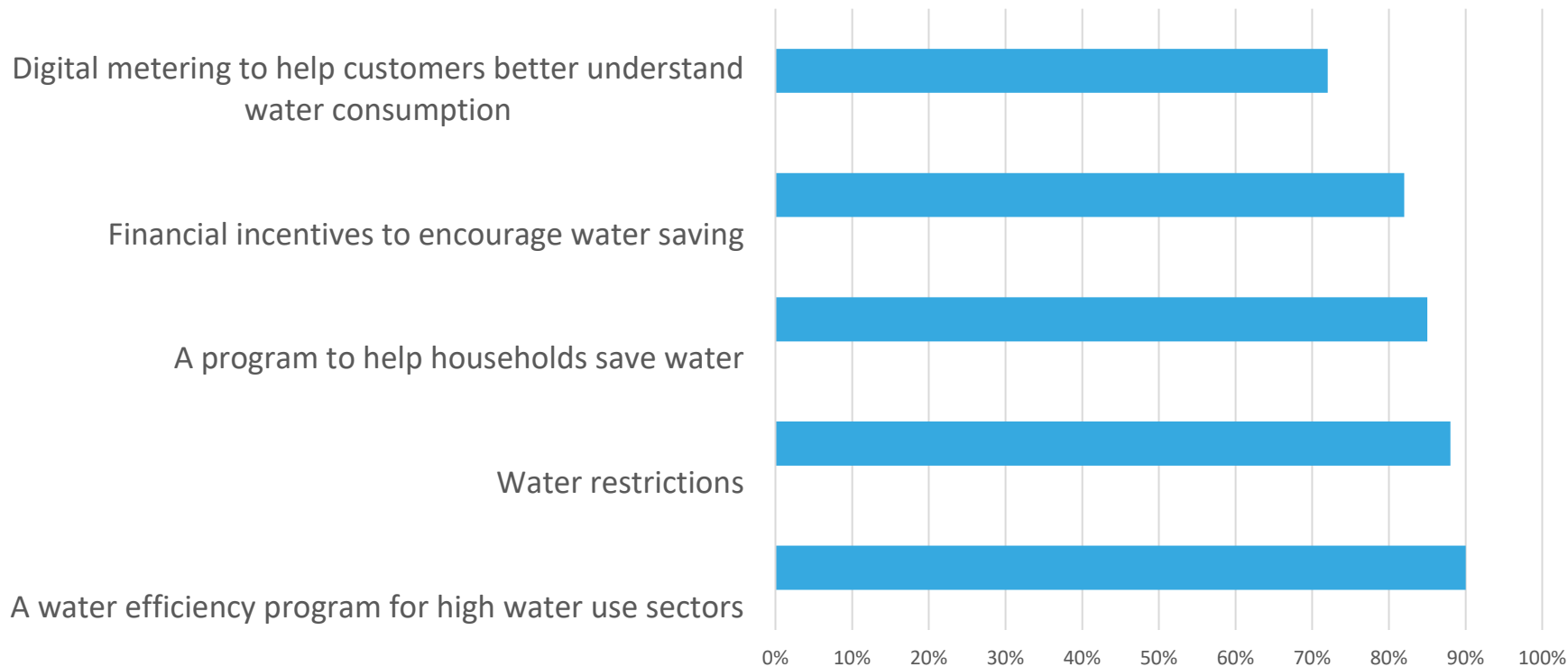
How to manage customer demand



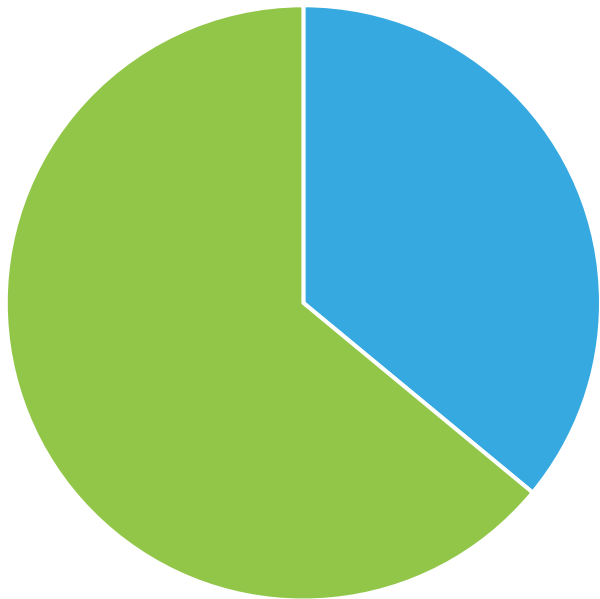
- Have water restrictions in place when necessary, such as during a period of drought or during extended periods of low rainfall
- Only restrict how water is used in an emergency
- Always have an unrestricted supply of water, even during a drought
- Reduce or defer costly investments by restricting how customers can use water
- None of the above



How to manage customer demand



Voluntary vs Enforced Water Restrictions



■ Voluntary ■ Enforced



2) Customer Perceptions



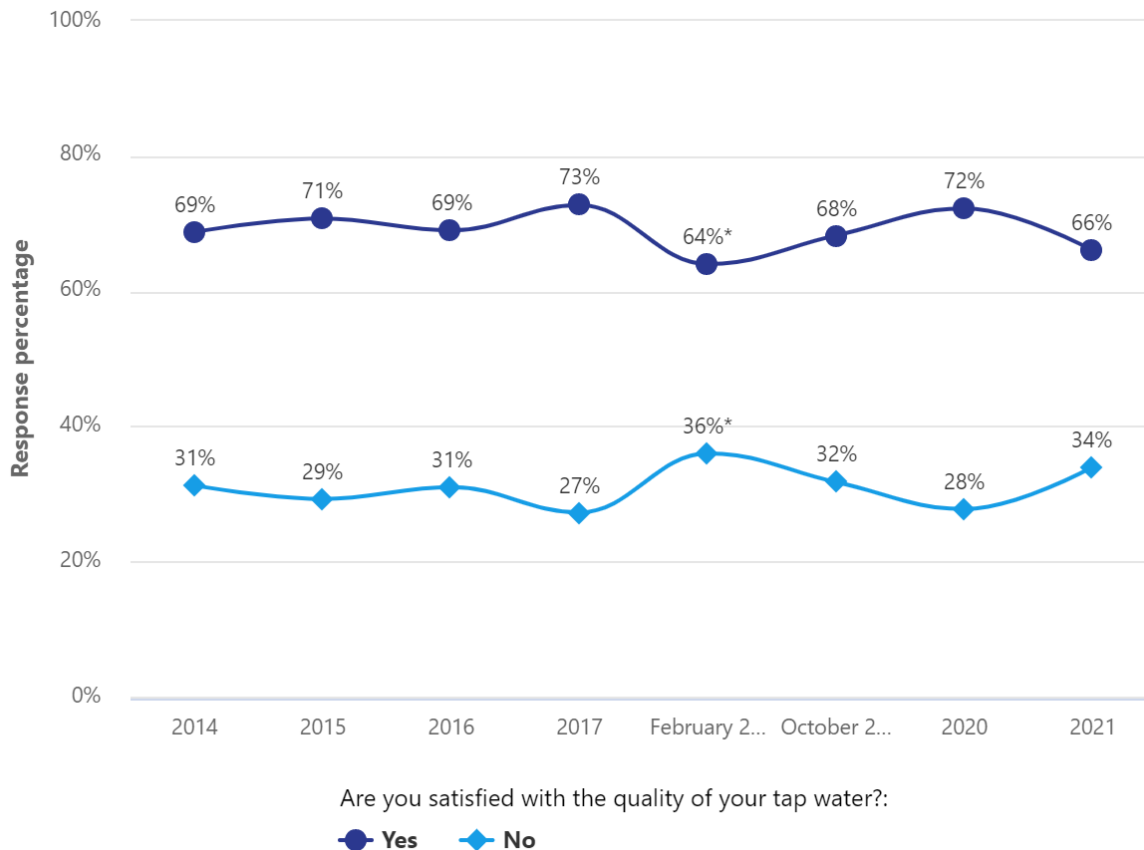
KEY FINDINGS

- Customers are slightly less satisfied with their drinking water this regulatory period, compared to last
- Customers are more confident that they are receiving value for money this regulatory period, compared to last
- In the last 12 months, brand awareness has declined and with it, an understanding of our future planning, community engagement and response times
- In the last 12 months, there was an unexplained decrease in wastewater quality satisfaction – comments indicate that many respondents were not connected
- Customer satisfaction is steady, however customer support for the existing balance between price and service levels is increasing.

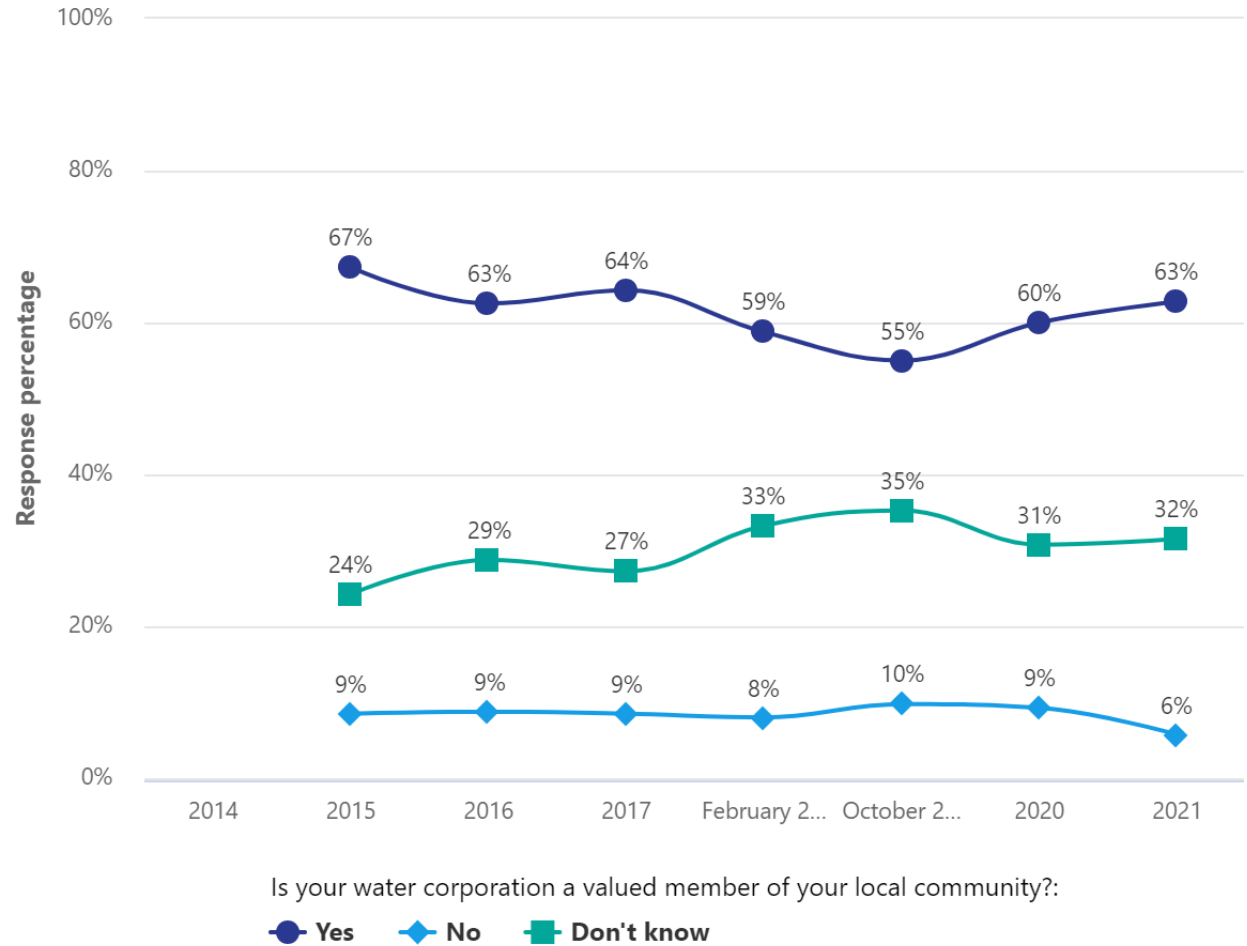


Drinking Water Satisfaction

Customer commitment in 2018-23 Price Submission was greater than 70%



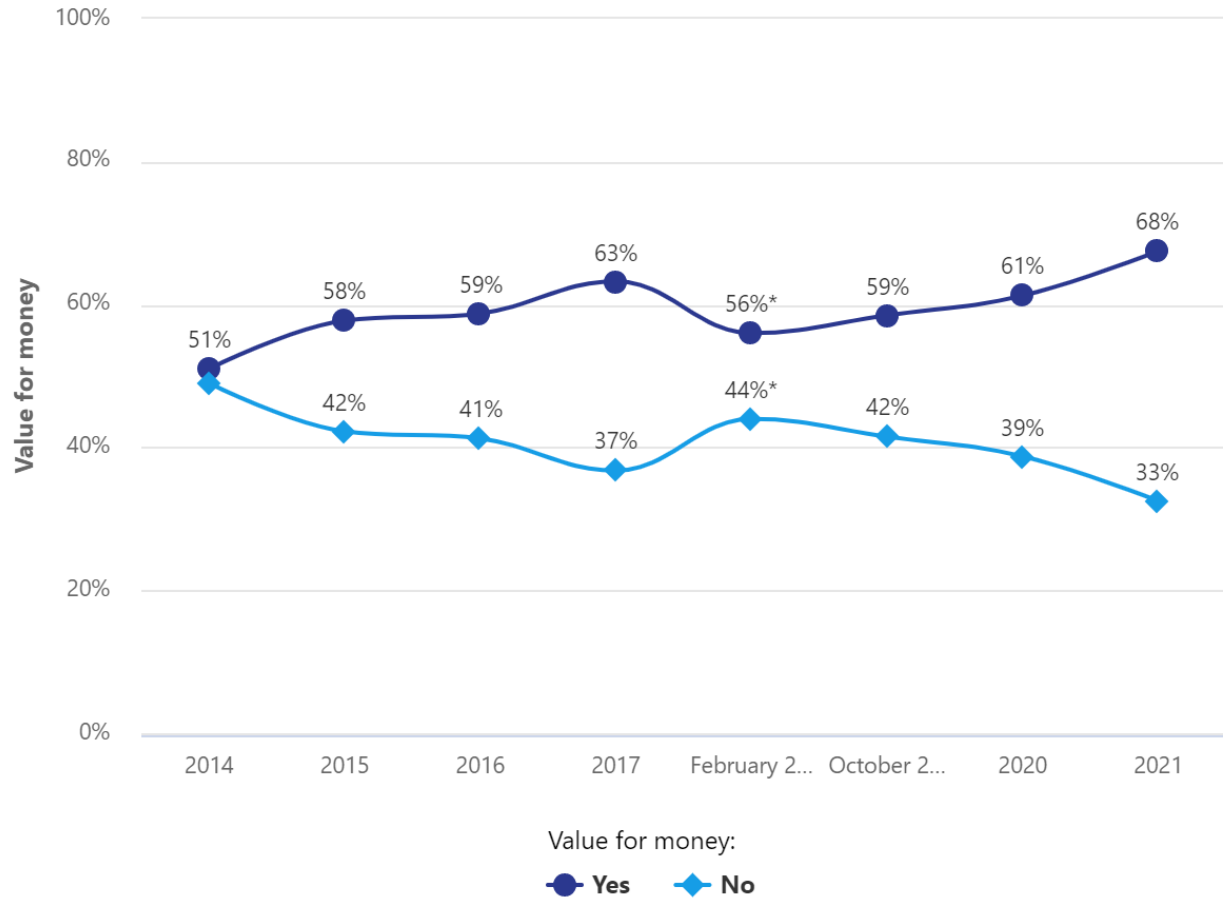
Valued Community Member



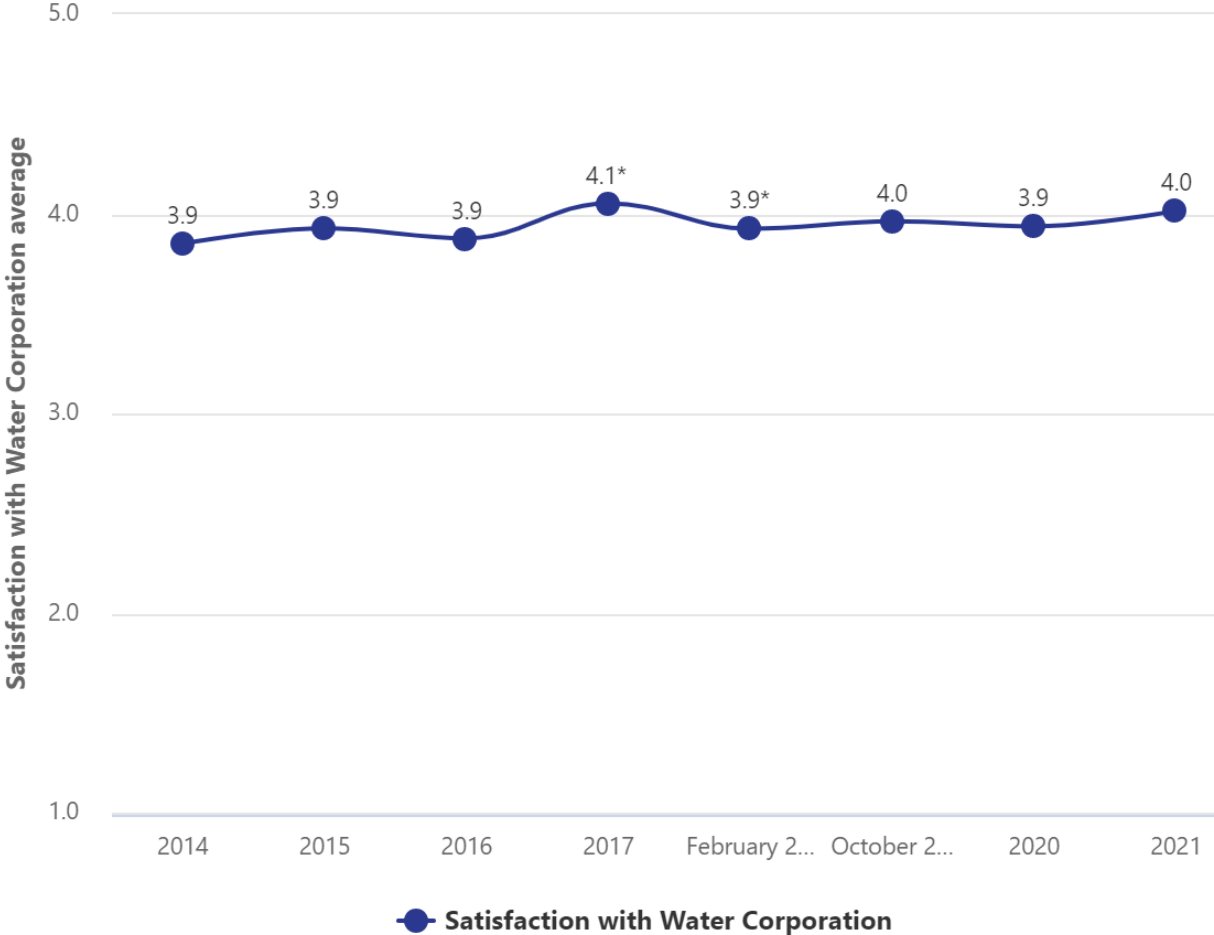
Brand Awareness



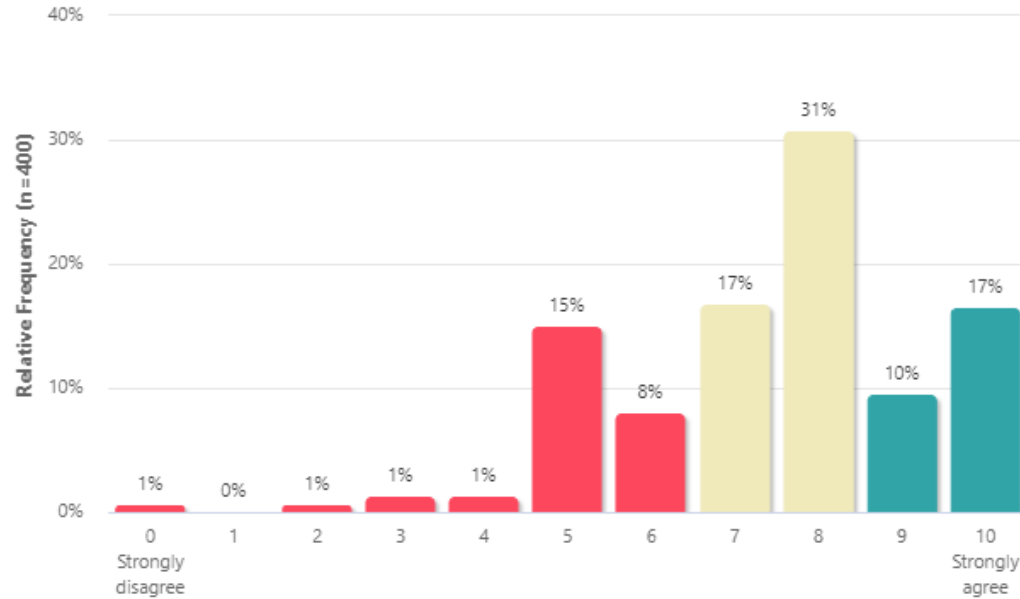
Value for Money



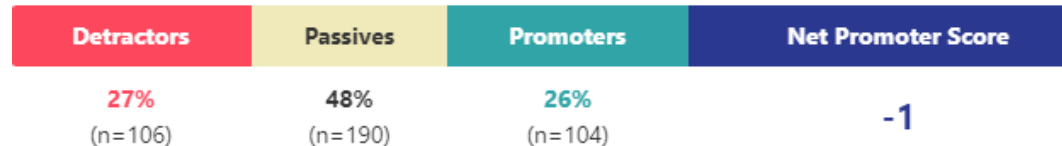
Customer Satisfaction



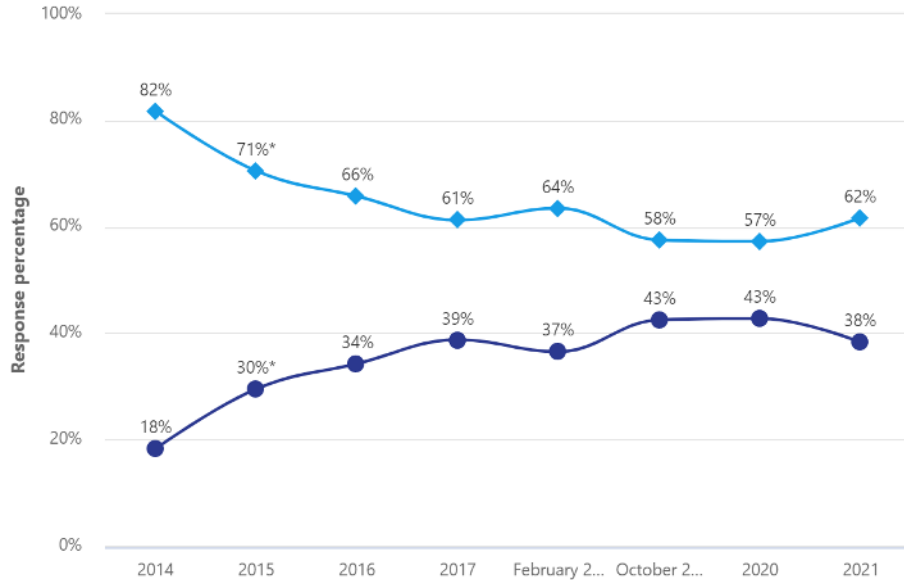
Net Promotor Score (Trust)



Net Promoter Score* (NPS)

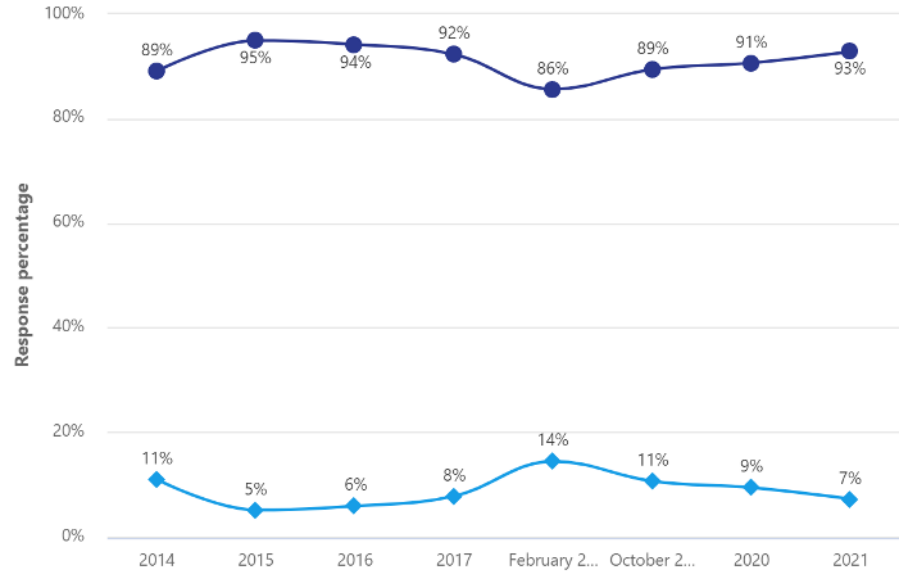


Customer Service



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

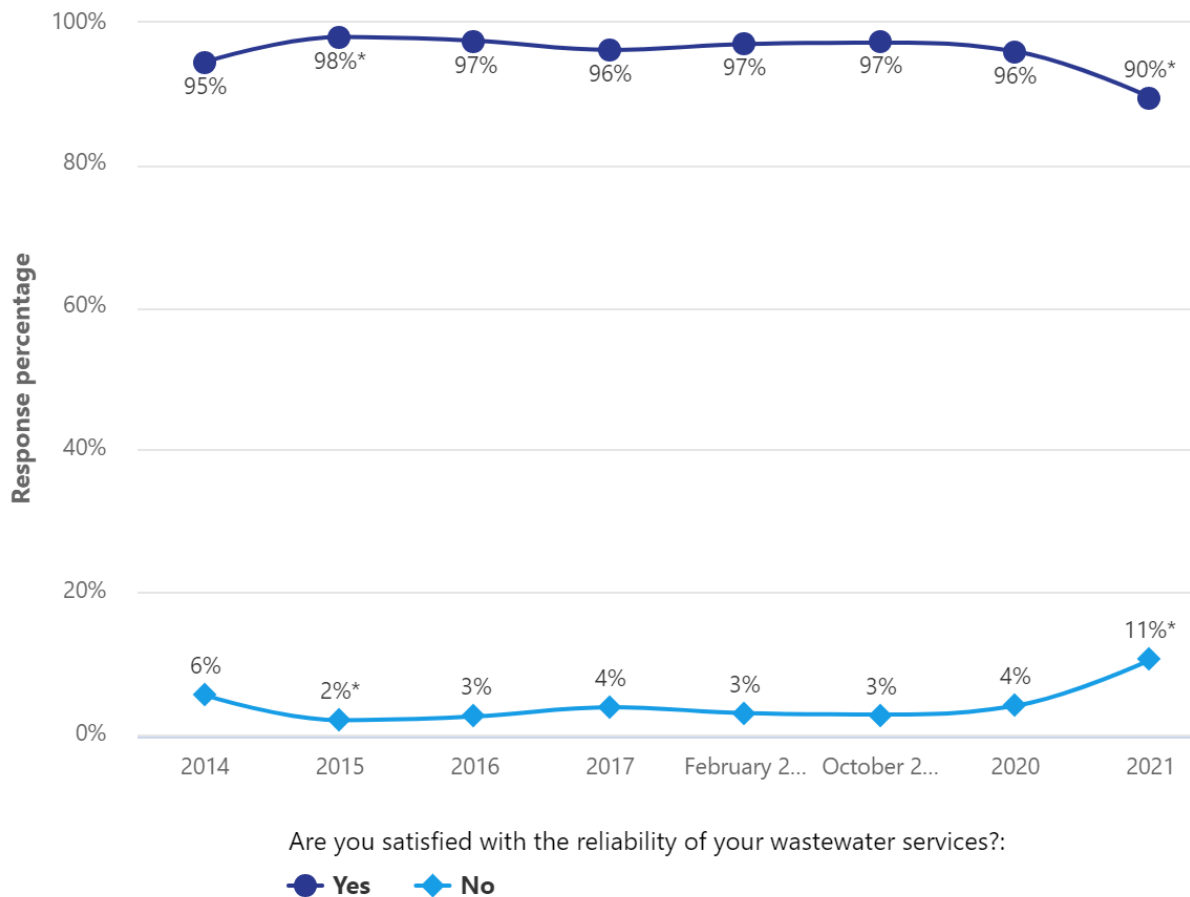
● Yes ◆ No



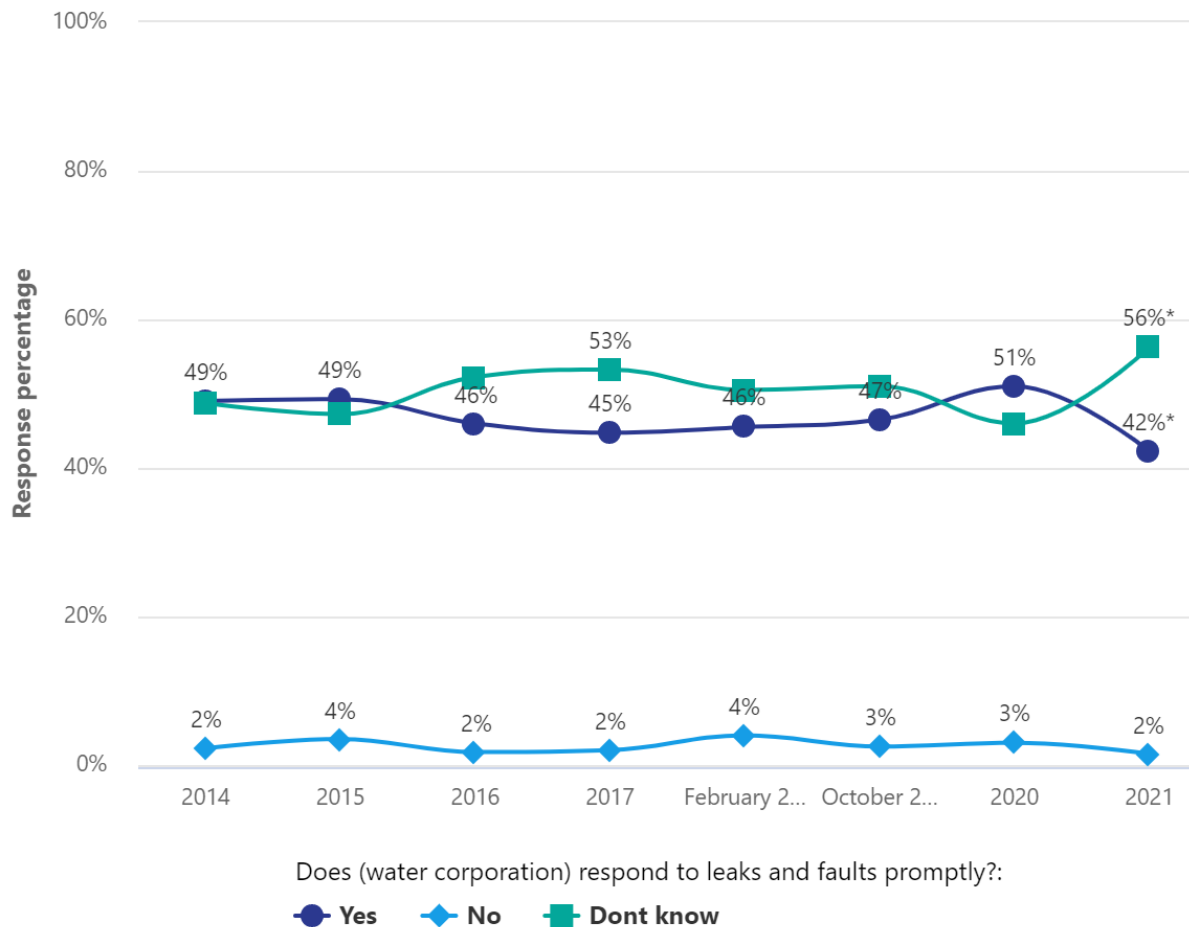
Would you say that they are easy to deal with?:

● Yes ◆ No

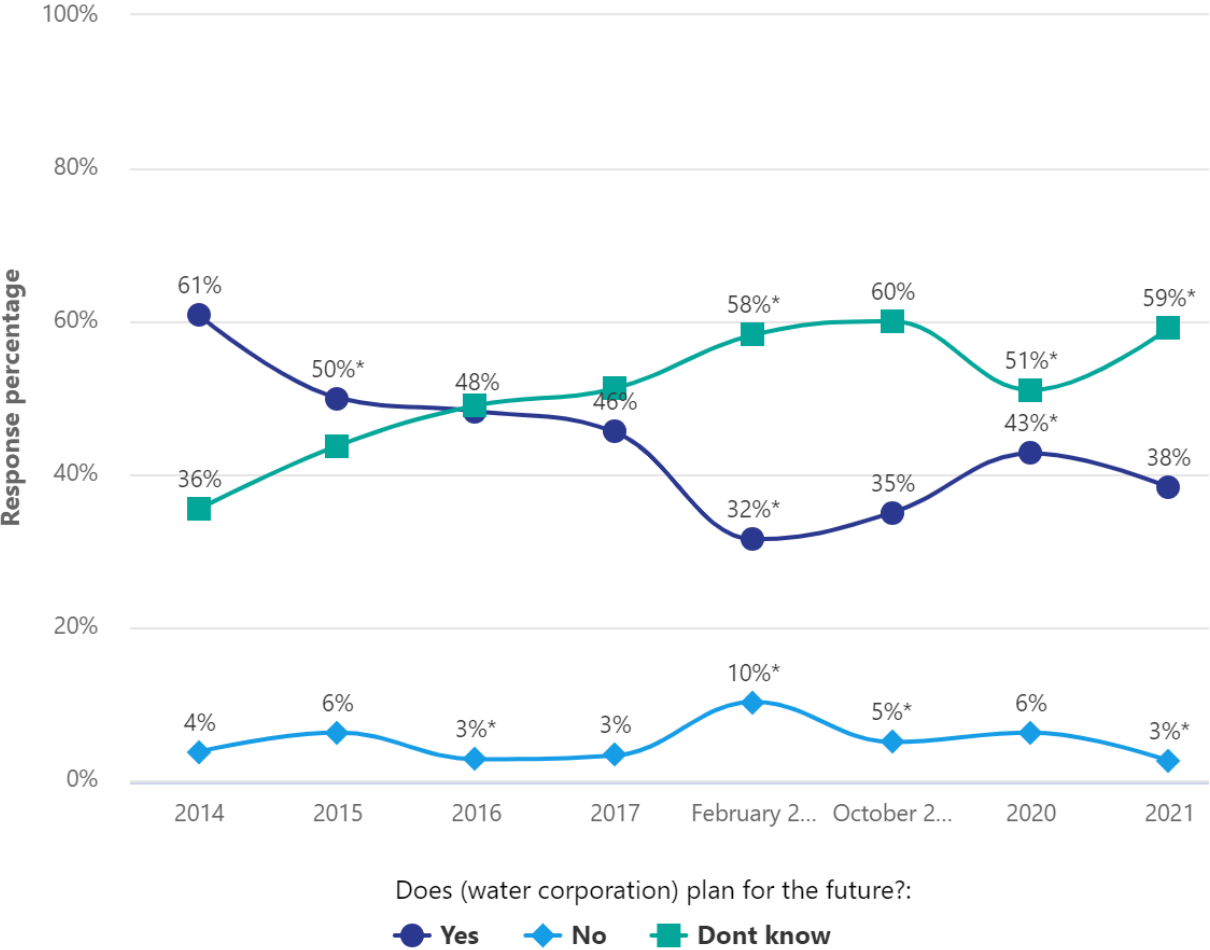
Wastewater Services



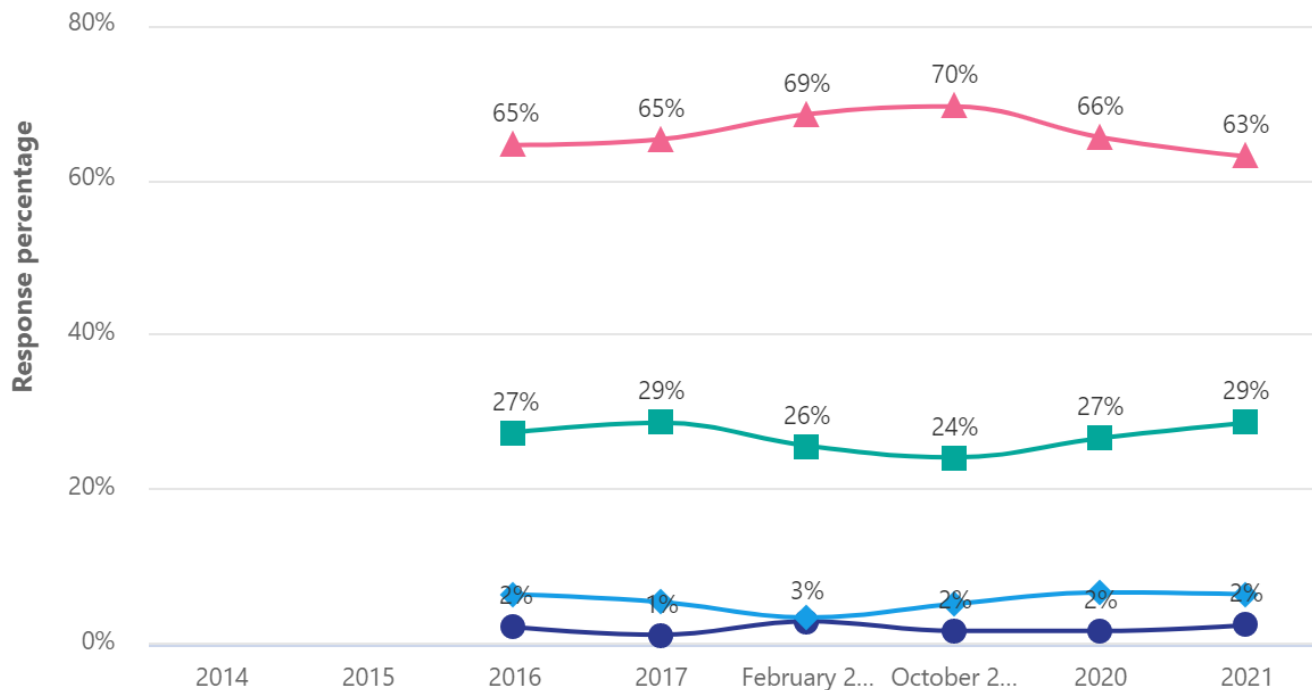
Response Times



Future Focus



Support for Sustainability



How important is it to you that your water corporation invests in environmental or sustainability initiatives?:

● Not at all important
▲ Very important

◆ Not important

■ Somewhat important

Support for Sustainability

"Addressing climate change is very important to me."

"Affordable access to B Grade Water and more done for climate change."

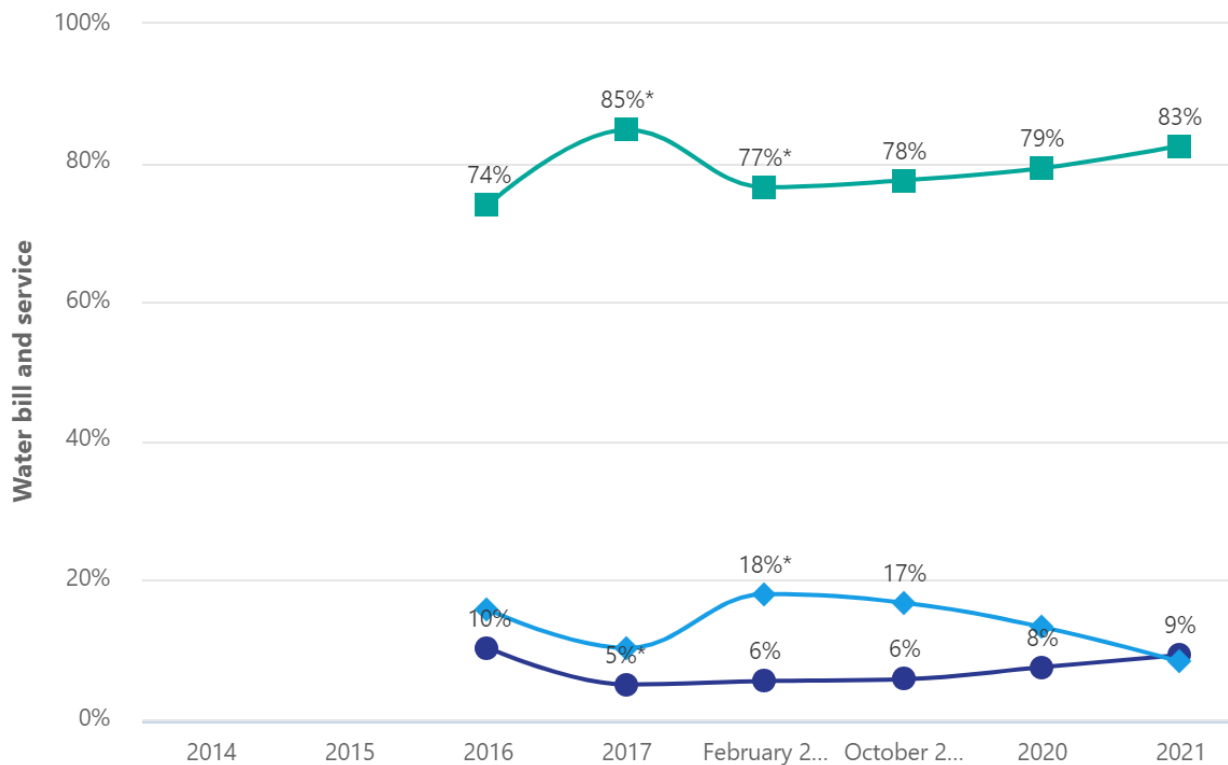
"Communicate what you are doing to reduce carbon emissions."

"Education for water conservation and understanding of the environmental impacts of Westernport Water's activities."

"Empower customers to understand GHG emission footprint from WPW services & provide opportunities for community involvement in projects - tree plantings, etc."

"Use 100% renewable energy because you are a high power user. Using grid power means you are paying too much for power (which means we are paying too much for water) and significantly contributing to climate change."

Service Quality vs Affordability



Water bill and service:

- Pay more money for improved water and/or wastewater services
- ◆ Pay less money for lesser service
- Keep your water and wastewater services as they are

3) Managing Performance

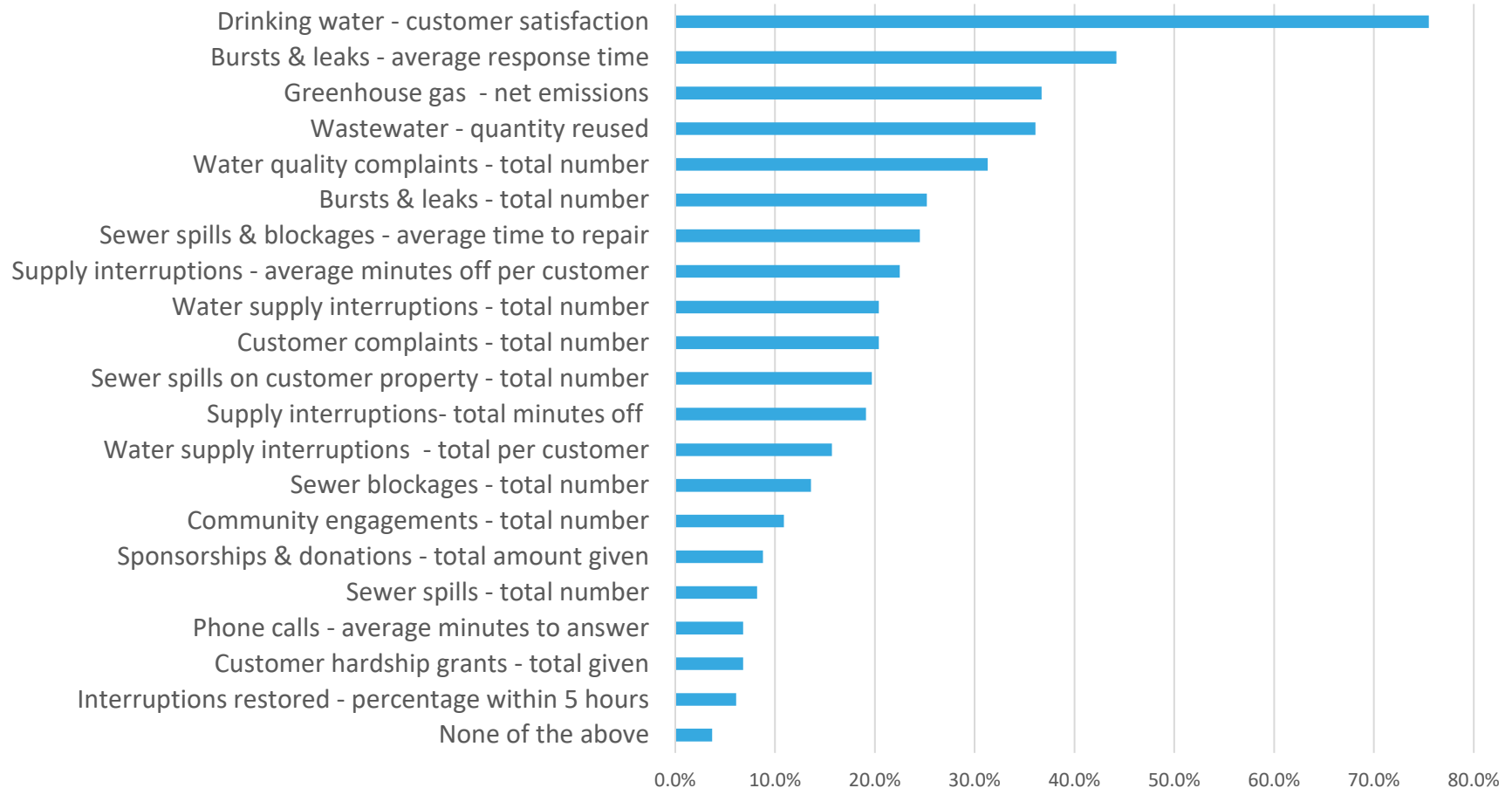


KEY FINDINGS

- Almost 3 out of every 4 customers understand our performance through customer satisfaction with drinking water
- Customers seem to support the simplicity of absolute volume-based figures:
 - Total water interruptions
 - Total water quality complaints
 - Total customer complaints
 - Total greenhouse gas emissions
- Average response and repair times are used by customers to understand performance
- GSL Scheme is supported by customers with improvements sought to turnaround times for water quality complaints and spills to property.



What performance measures are most meaningful?



Guaranteed Service Level Scheme

Guaranteed Service Level	Very Satisfied	Satisfied	Neither	Dissatisfied	Very Dissatisfied
If your water supply is interrupted more than 4 times in 12 months, and the interruptions weren't planned, you get a \$75 credit.*	41%	38%	12%	7%	3%
We'll reply to complaints about water quality within 3 days. If we don't, you get a \$100 credit.	44%	40%	8%	6%	2%
We won't restrict the water supply of a residential customer, or take legal action, prior to contacting the customer to offer support if they're having difficulty paying. If we don't, you get a \$350 credit.	39%	43%	10%	5%	3%
If our sewer system blocks and sewage spills into your house, we'll contain it within 1 hour of being told about it. If we don't, you get a \$550 credit (on top of clean-up costs)	45%	44%	6%	3%	2%
If there's a sewage spill on your property due to our failure, we'll clean it up within 5 hours of being told about the problem. If we don't, you get a \$350 credit.**	31%	48%	10%	9%	3%



4) Priorities & Expectations



KEY FINDINGS

- Customers place most importance and what water corporations perceive as core business – safe, reliable and consistent water and wastewater services, supported by good customer service and affordable prices
- There is a very clear set of customer priorities for Westernport Water:
 - Consistent, great tasting water
 - Ensuring bills are affordable for everyone
 - Planning for, and adapting to, climate change
- Surprisingly, water security was the least important responsibility (as rated by customers) – perhaps acknowledging that water restrictions have a role to play.



Customer Importance (1-100)

Responds quickly to contain sewer spills	91
Repairs leaks and bursts quickly	88
Delivers safe and reliable wastewater services	87
Focuses on making water bills affordable for everyone	85
Provides friendly and efficient customer service	84
Plans and delivers upgrades to meet customer growth	83
Delivers water that tastes and looks the same every time	83
Keeps water interruptions to a minimum	82
Educates the community on responsible water and wastewater behaviours	81
Continually find new ways to protect and enhance the natural environment	81
Offers extra support for customers in hardship	80
Adapts to climate change and plans for future climate challenges	76
Uses more recycled water to save on drinking water	74
Reduces greenhouse gas emissions from our operations	73
Builds strong relationships with the local community	72
Champions employment for a diverse community	69
Incorporates Aboriginal ecological and cultural knowledge into water planning	68
Avoids water restrictions	64

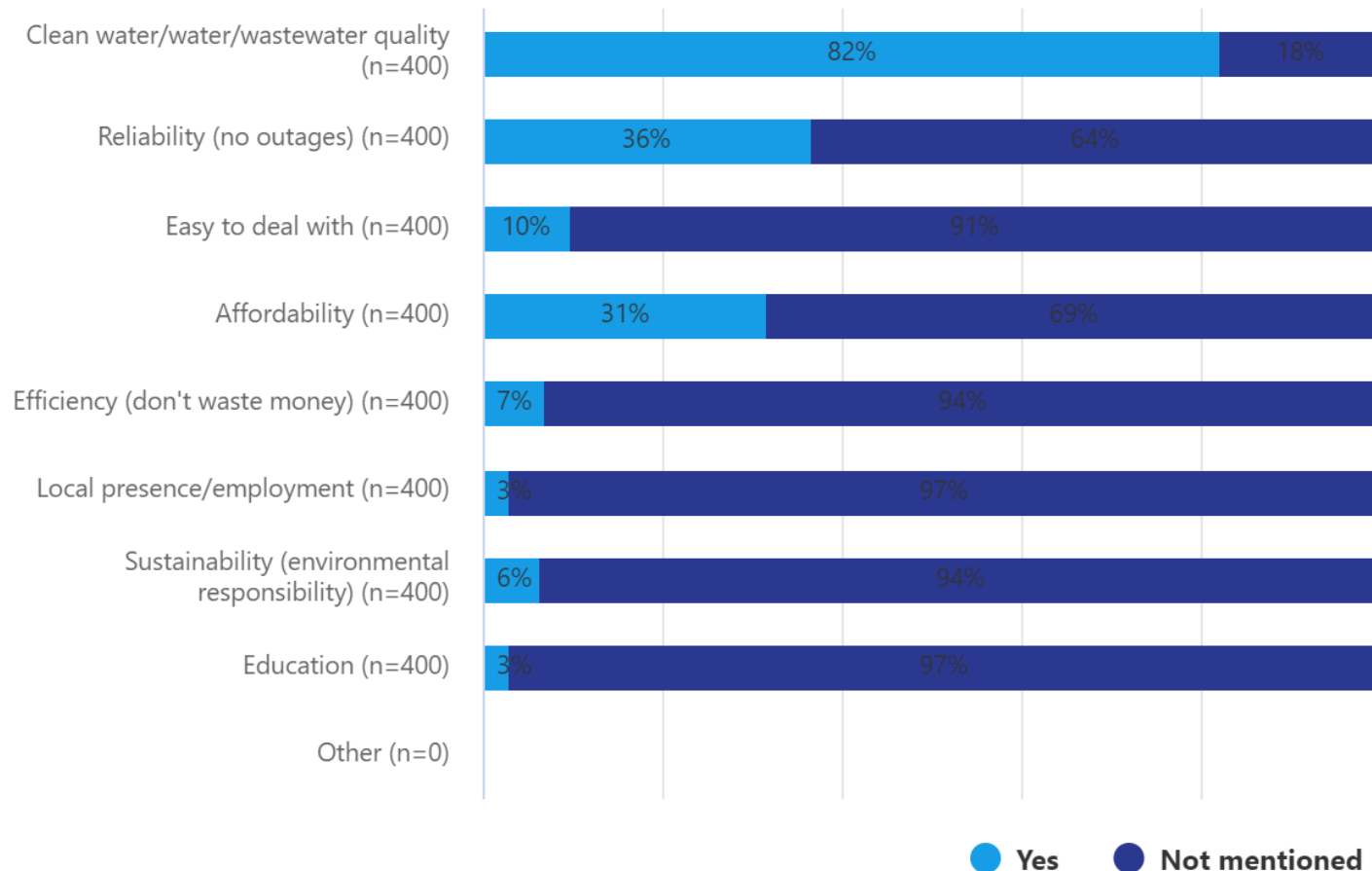


Top 3 priorities for Westernport Water

Delivers water that tastes and looks the same every time	67%
Adapts to climate change and plans for future climate challenges	41%
Focuses on making water bills affordable for everyone	34%
Delivers reliable wastewater services	29%
Protect and enhance the natural environment	23%
Repairs leaks and bursts quickly	21%
Uses more recycled water to save on drinking water	21%
Reduces greenhouse gas emissions from our operations	21%
Keeps water interruptions to a minimum	12%
Plans and delivers upgrades to meet customer growth	11%
Educates the community on responsible water and wastewater behaviours	11%
Responds quickly to contain sewer spills	10%
Provides friendly and efficient customer service	9%
Incorporates Aboriginal ecological and cultural knowledge into water planning	8%
Offers extra support for customers in hardship	5%
Builds strong relationships with the local community	5%
Champions employment for a diverse community	4%



Interview responses – what do you expect?





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‘Test’ Phase PS23 Engagement Report

WPW developed options to test with customers that were aligned to the priority areas identified in the initial ‘Explore’ phase of PS23 engagement.



Getting to Fair Interviews

Feb – March 2022

Getting to fair interviews sought to speak with organisations and individuals who work on behalf of hard-to-reach groups and/or people experiencing vulnerability, enabling us to gain insights into the needs of customers who may not engage with us directly.

01 Cr Buce Kent

02 Cr Rochelle Halstead

03 South Coast Inclusion Network

04 Corinella & District Community Centre

05 St John's Uniting Church, Cowes

06 Anglicare Financial Counsellor

07 Phillip Island Community & Adult Learning Centre



Key insights from Getting to Fair Interviews



- Lack of mental health services in our region leave many people without adequate support. Many people with mental health issues are also under rental or mortgage stress and will default on bills.
- Levels of debt increased over COVID and this is having an impact on people now that government support and subsidies for COVID have stopped.
- Lack of affordable housing and increasing rent prices is a major issue for many people.
- According to Anglicare's Financial Counsellor, water bill prices are relatively cheap (from a tenant's perspective) and payment plans can be negotiated.
- Feedback from service providers is that customers under financial stress may not open their bills (overwhelmed), others have poor digital literacy or simply do not have access to reliable internet.
- Our hardship services are only helpful if people know they exist; more community education is needed to raise awareness of our support services.
- It's suggested that being visible in the community will help overcome barriers to accessing our services.



Engagement 'Test' Phase Activities Overview

March – May 2022

01 Online Focus Group (13)

02 Climate Change Deliberative
Forum (29)

03 Corinella Probus Club Meeting (35)

04 Water Quality & Taste Deliberative Forum (27)

05 Phillip Island Community Orchard Open Day

06 Regenerating Australia Community Orchard Open Day

07 Phillip Island Business Network (21)

08 Access and Usage Charges Deliberative Forum (26)



What is the right timeframe for Net Zero and what mix of initiatives should Westernport Water implement in the next five years?

Customer Views

- Customers broadly supported efforts to accelerate WPW's program of investments to achieve Net Zero by 2030.
- Customers noted that timeliness is critical in regards to climate change and now is a good time to invest with low interest rates.
- Alternative funding avenues should be exhausted – don't just rely on customer funds.
- Any efforts to reduce greenhouse gas emissions need to be supported by a strong evidence-base.
- Be careful of over-committing – need to be mindful of capacity to deliver and the ongoing maintenance costs of particular projects.
- Take the community along for the journey – involve stakeholders and community groups in the delivery where possible.

Final Position

- Overall support for accelerated commitment, with strong support to seek alternatives to customer-sourced funding and ensure investments are based on evidence.

"I think if you are going to do it, you might as well up the ante with conviction, and get on with it. I agree that it might hurt some people, but there is a hell of a lot more people that will be willing to put in money to get the job done."

"If we hold off doing this now then we may be dealing with tougher challenges in the future, not having the funds to do this."



How do we drive further value from wastewater?

“Learning from your mistakes is very important (lower than anticipated re-use). I do like the wetland’s idea – the bigger the better!”

Customer Views

- Customers supported a balanced approach that would deliver benefits to the environment and support a growing economy.
- Restorative wetlands would increase opportunity for tourism, recreation and biodiversity.
- Investment in recycled water is not profitable and relies on cross-subsidisation – funds should be used carefully. More capital investment will increase cost for customers.
- Any investment for an environmental solution should start small and be supported by research and benchmarking as it grows.

Final Position

- Most customers supported an environmental solution to reduce the ocean outfall, however some preferred a business as usual approach that focused on increasing re-use from non-residential customers.



What initiatives should Westernport Water plan for today for improved and consistent tasting water tomorrow?

“I’m far more interested in an incremental process, rather than “let’s try new tech”, incremental should always be aware of new technology and it should be phased in as required.

Customer Views

- Concerns around increased cost for customers.
- Any improvements should be made on an incremental basis to smooth price impacts for customers.
- Investigate new and emerging technologies – don’t need to act on it.
- Anything that reduces chemical treatment is a positive.

Final Position

- Customers wanted to ensure that any new treatment technology is based on best practice, however there was a general desire to keep costs as low as possible.

“Can't change (e.g. improve quality) if you keep doing the same thing. Need to do something differently.”



What initiatives should Westernport Water explore for community education and access to drinking water?

"I applaud your efforts- thank you (with regards to drinking water campaigns)."

"With the current issues we face with climate change, COVID and drinking water avoidance - no brainer: look at option 2 (increase in education)."

Customer Views

- The discussion regarding community education and access to drinking water focussed on the importance of education, safety and culture change.
- There were diverse views for this topic. Some customers supported additional fountains, particularly for children's sporting facilities, others expressed reticence to use fountains due to the risk of covid, with one customer questioning the need for public water fountains at all and wanted investment in education and culture change.

Final Position

- Customers agreed to additional funding for community education and the maintenance of the existing program of water refill stations (rather than expansion) with a focus on sporting precincts for children.



What is your view on the current customer performance-rebates for failed targets?

"It seems counter intuitive making Westernport Water find the penalty from their operations budget, thereby reducing opportunity to meet other KPIs."

"I'd like to see a public flogging, in a gentle fashion, when these are not met, rather than money back....put your hands up and say 'mea culpa,' rather than money from the organisation."

Customer Views

- Rebates have to come at the expense of an operational budget.
- \$5 per failed target does not make much of a difference to most customers and tenants don't benefit.
- The principle is the right one – if customers don't get what they paid for they should be refunded.
- These funds are better targeted to the people that need them.

Final Position

- Customers agreed that the current approach was not effective as the payment was immaterial and didn't fix the problem. Support for a customer panel to assess performance or redirect funds to relevant cause identified by Westernport Water. Customers were split as to whether these changes should be made immediately or deferred to the next period.

"Yes, it's a small amount for the customer - but \$400,000 total is a lot going forward. Option 4 has the most flexibility (customer panel deciding on where funds are directed) - as long as it remains fully transparent and accountable to the community. Or for any of the other options really..."



How does reducing the fixed (access) charge affect different types of residential and commercial customers?

"Allow the current fixed rate - I now understand how the cost is structured, it's there to help everyone to keep using water, which is essential. I used to consider the fixed charges a rip off, but now understand that it is structured to help everyone. Keep it as it is now - this is reasonable".

"My water usage is so low; I would like to see reduced fixed charges to reduce my bill."

Customer Views

- Some customers felt current charges discriminate against good water savers and WPW should promote more of a user pays system.
- Others felt the current balance should remain, otherwise changes will discriminate against low income and vulnerable customers.
- Some believed that an increase in variable charges would not make any difference to water use.
- Majority position was that other initiatives would be more effective in supporting water efficiency.

Final Position

- Majority of customers voted for no more than a 2% reduction in the fixed rate.

"As a renter, I don't mind paying more if it means my pensioner mother saves money."



Do you support the application of the special meter charge for outgoing tenants (paid by the landlord) in the future?

"I can see it is completely fair to be paid for by the landlord, but as a landlord I would be happy to not to pay it."

"As a former landlord, you able to claim the charges on tax. You can charge all these things. It is fair and less messy for the landlords to pay."

Customer Views

- Several customers felt that WPW should not be absorbing the cost of the special meter reads, with comments related to the fairness of a user pays systems.
- Other customers wanted to explore alternative ways to recoup the cost, such as from tenants or through the use of smart meters.
- There were several concerns that the charges would be passed on the tenants that are already under pressure with costs of moving.

Final Position

- Two thirds of customers were supportive of introducing a charge for outgoing tenants to be paid by the landlord.



Forum Evaluation

"Found you very open to the real concerns of your customers. I am happy I decided to invest in the area knowing you are doing your best to get us the best water. It was an excellent forum! Well done!"

"Listened, organised, showed commitment to the process with the large contingent of staff, great presentation, clear communication."

"Great opportunity to understand and be part of the strategy to shape the future."

- Customers were asked to reflect on the forums and provide feedback on their experience. Participation was voluntary and 39 customers responded.
- What worked well? Facilitators and speakers (21), information provided (17), opportunity to speak/be heard (16).
- What can improve? Ensure pre-reading material is read (5), prefer in-person (7), shorten sessions (5).
- Why would you recommend? Chance to learn (22), chance to contribute (14).





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