

Customer outcome 1



Get the basics right, always

- Safe and clear water
- Reliable water supply
- Sewage taken away and treated safely

What our customers say

The number one priority for our customers is that we continue to reliably deliver fundamental services and get them right: supplying safe, high-quality drinking water and safely removing and treating sewage.

What we do now

We deliver quality water and sewerage services via a reliable network. To do this we invest \$54 million a year of capital expenditure in renewing our 25,250 km water and sewer network and managing eight water recycling plants.

Our five-year approach

We propose recommitting to existing high standards and measures around water quality and unplanned interruptions, investing in ongoing maintenance of our network and proactively seeking continuous improvements in addressing water quality.





What our customers told us

When it comes to what our customers value most from South East Water, there's a common, critical and non-negotiable expectation: that we deliver safe and reliable water and sewerage services now and always.

"Keep focused on what you do best: quality reliable affordable water supply." – Brian, 45-54 home owner, South Yarra (via bill simulator)

Customers not only rely on us for safe drinking water, but to effectively manage sewage disposal, too. It's not only seen as our job but something we're entrusted with and expected to do well.

Getting our basics right builds trust with our customers and offers permission to innovate, invest or concentrate on other areas that our customers value.

"Basics should be done effortlessly. Getting the basics right by having safe/clean drinking water means that me and my family are well looked after and it's one less thing that we have to worry about," – Ray, 35, Huntingdale online community

There is limited willingness from customers to pay for higher levels of service when it comes to our core business. As experts in our field we're expected to innovate and continuously improve.

Customers value safe and clear water

Our customers assume that having access to clean water is a given and one of their highest priorities is that we continue to deliver this.

Not only are we obligated to provide quality drinking water under the *Safe Drinking Water Act 2003* and associated regulations and guidelines, water quality sits at the very heart of our vision to deliver healthy water for life.

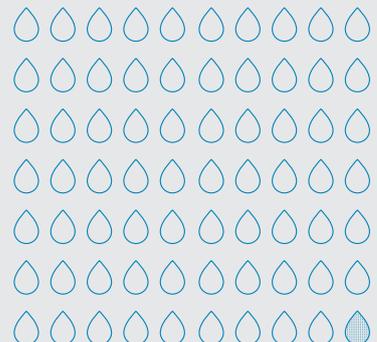
Customers on our bill simulator equated water quality with value, describing it like a precious commodity: *"pure", "clean" and "like a diamond"*.

The quality of the water we supply instils a sense of passion and pride for many, with residential and business customers alike believing their water quality to be some of the best in the world.

Given the high regard for our water, how we respond to any water quality issues is of utmost priority for our customers – especially as changes in colour, odour or taste can cause concerns.

Since July 2014, 51 per cent of total customer complaints to South East Water relate to water quality, with 80 per cent of these directly relating to colour and 17 per cent to taste and/or odour. (Customer Experience and Business Insights)

The main responsibility for water quality resides with our bulk water provider, Melbourne Water, which harvests and treats water to a high standard prior to delivery to South East Water. However within our network some sedimentation can occur, which can be apparent under peak flow conditions leading to discoloured water and customer complaints. The number of complaints is relatively small when compared with other water corporations, however we recognise that every complaint is a chance for improvement.





“The most important thing to me is that when I turn on the tap I know I have access to safe and clean water that is clear in colour and odourless.”
– online community participant

When experiencing a water quality issue, some customers express and expect a greater sense of urgency from our response, as well as reassurance and compensation. To this end, they suggest we develop a better communication system for those caught up in unplanned interruptions or alert them about issues such as water discolouration. They also want to be kept informed about the progress of repairs (see ‘Outcome 2: Warn me, inform me’).

Customers also trust us to undertake the most recent innovations to bring them a constant and reliable flow of the best quality water.

Customers value a reliable water supply

Our customers rely on us 24/7. They trust us to provide a reliable supply of quality water and have high expectations that we won’t let them down.

They understand that maintaining our network to provide a reliable water supply (and expanding it to cater for customer growth) is “part of doing business”.

50%

Customers on our bill simulator who support paying more to fund water mains renewals to help ensure ongoing reliability of our water supply network. A \$1 annual bill increase is seen to be acceptable for this.

Customers value safe sewage disposal

Customers ranked removing and safely treating sewage as their fourth highest priority out of 34 in our customer value research. They also prioritised reducing spills in our sewer network.

However some customers were surprised we even managed sewage disposal and thought this was a council responsibility.

Whether customers associated this service with South East Water or not, they definitely understood the importance of the safe removal and treatment of sewage:

“In the interest of public safety this is one of the most crucial aspects of general health.” – online community participant

While customer value and sentiment around water quality, supply and reliability is extremely high, sewage removal and treatment remains an “invisible service” to many – out of sight, out of mind.

39%

Customers who see us as experts in sewerage solutions, according to our customer value research.

Overall, customers trust “sewage is being taken care of and doesn’t impact my health” and much like water quality, if any issues were to arise that they would be “fixed straight away” – (online community participant).

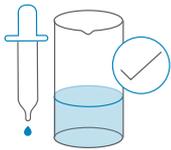


What we do now, our plans and measures

We are on the right track in delivering the basics, in line with what our customers most value and expect. This is why aspects of our ongoing approach proposes to maintain existing levels of service, while also introducing new actions to better deliver on the expectations of our customers.

Safe and clear water

Each year, our team of water quality specialists closely monitors the quality of our drinking water and takes approximately 8,000 samples from the water supply system.



8,000
water samples
tested per year

Our drinking water has received 100 per cent compliance against all regulatory measures across the 22 year history of our business. In our most recent *Annual Drinking Water Quality Report 2015-16*, our water quality complaints remained below the ESC target.

During the next regulatory period we propose to:

1. Deliver on the value that our customers and community place on safe, high quality drinking water. This means committing to maintaining the targets we have set for compliance against water quality standards and complaints (and monitoring this performance throughout the period).

2. While we propose to maintain current levels of water quality complaints as a minimum, we propose to proactively minimise quality concerns and complaints by exploring more effective ways to notify and educate customers when an incident may lead to water quality concerns (particularly brown water) - see enhanced notifications under 'Outcome 2: Warn me, inform me'. Additionally we propose to improve awareness about our water quality website and its content so that customers know they have 24/7 access to their suburb's water quality profile and any related issues.

Table 5 Water quality and complaints

	2016-17 current performance	2018-23 target
Percentage compliance with drinking water standards	100%	100%
Number of water quality complaints per 100 customers	0.18	0.18





Reliable water supply

We currently achieve a high standard of water supply reliability in line with guaranteed service levels; approximately 500 customers receive greater than five unplanned water supply interruptions a year.

During the next regulatory period we propose to:

1. Maintain our current high level of performance in water supply reliability on average. To achieve this throughout the next regulatory period will require an increase in our Water Mains Renewal Program due to our ageing network. During the period, we plan to upgrade 35 per cent more water mains than were undertaken during the current regulatory period, which will translate to an increase in expenditure of \$7 million per annum.

2. Invest in new water supply infrastructure through our Drinking Water Network Growth and Recycled Water Network Growth programs. These programs will leave a legacy of high quality infrastructure which will serve the community for generations.

Results from our bill simulator show that customers support a small increase in their bill in order to maintain current service levels.

Table 6 Customers receiving greater than 5 unplanned interruptions

	2013-18 current period average performance	2018-23 target
Number of customers receiving greater than 5 unplanned water supply interruptions	532	532

Sewage that's taken away and treated safely

To maintain our current high levels of sewerage reliability, we currently conduct an evidenced – based cleaning program, informed by blockage history and examining all contributing factors to renew assets where appropriate. We invest significantly to ensure our sewerage network and water recycling plants treat sewage appropriately and in line with community expectations.

During the next regulatory period we propose to:

1. Continue ensuring high reliability of sewerage services to minimise sewer blockages and spills on our customers' properties. As a minimum, we propose to maintain our high sewerage service levels, where we aim to ensure that customers do not receive more than three sewerage blockages in a 12 month period (refer to 'Guaranteed service levels'

section). This will be supported by ongoing Sewerage Network Renewals Programs and enhancing our Sewer Monitoring Program to better detect potential blockages in the network.

2. Invest in projects to cater for a growing community through our Sewer Network Growth Program and a major expansion of our Boneo Water Recycling Plant.

Table 7 Customers receiving 3 or more unplanned sewerage blockages

	2016-17 current performance	2018-23 target
Number of customer receiving 3 or more unplanned sewerage blockages	17	17

Key actions, activities and programs to help get the basics right, always



Project	Cost (\$M)	Impact to average customer bill (\$ per annum)	Description
Cater for customer growth (water, sewer and water recycling plant growth programs)	\$564M (CAPEX) Offset by new customer contributions of \$168M and revenue from new customers	\$0	<ul style="list-style-type: none"> → Focus on providing high quality water and sewerage services to all new customers, primarily in the growth areas of Casey and Cardinia. → Upgrade the Boneo Water Recycling Plant to cater for additional sewage flows and loads from population growth and backlog connections in the Mornington Peninsula. <p>Refer to 'Capital expenditure forecasts' for further information.</p>
Water quality programs	Ongoing program of \$1M per annum of OPEX and \$0.2M per annum of CAPEX	\$0	<ul style="list-style-type: none"> → Continue ongoing works to maintain water quality levels. → Investigate better ways to notify customers when an incident may cause water quality concerns.
Water Mains Renewal Program	\$21M per annum (CAPEX)	+\$1	<ul style="list-style-type: none"> → Manage unplanned water interruptions. → Replace pipes at the end of their functional life. → Increase investment to prevent any increase to the number of customers experiencing repeat interruptions (customers have told us they are willing to pay to maintain existing levels of services). → Provide allowance for proactive expenditure to minimise the risk of flooding causing significant disruption to the community or individual properties. <p>Refer to major projects in 'Capital expenditure forecasts' section.</p>
Sewer Monitoring Program	\$1.5M per annum (CAPEX)	\$0	<p>To support both sewerage reliability for individual customers and to minimise spills to the environment (see 'Outcome 5: Support my community, protect our environment'), we propose to enhance our existing Sewer Monitoring Program by:</p> <ul style="list-style-type: none"> → installing additional early warning surcharge monitoring devices in the sewers in designated high risk areas → installing water quality monitoring devices at three drain outfalls to detect poor water quality → continuing our proactive cleaning/chemical treatment program → developing models to assist in better targeting management activities → continuing to actively engage customers on key issues affecting sewer blockages e.g. wet wipes, building debris.