

Customer outcome 3



Fair and affordable for all

- Provide greater bill certainty and control
- Keep costs down
- Digitisation to deliver customer benefits

What our customers say

Customers want costs kept down and assurance that our services and charges are fair and affordable. They expect us to drive efficiency through digitisation and provide the levels of bill certainty, control, rewards and incentive they receive from other providers outside the water sector.

What we do now

We provide customers with a variety of payment solutions and digitised service offerings. More than 31,000 customers pay monthly or fortnightly, 102,500 are on direct debit and 236,000 receive bills electronically. We also support more than 4,500 vulnerable customers through our South East Water Assist program.



Our five-year approach

By driving greater levels of efficiency through digitisation, exploring better ways to provide bill certainty and control, and continuing our dedicated support for vulnerable and hardship customers, we're confident in delivering services that are fair and affordable for all.



What our customers told us



We collaborated with other metropolitan water corporations to attend community events and hear what customers have to say.

Customers want greater bill certainty and control

Our customers value choice to provide greater bill certainty and control. Our engagement highlighted that this means different things for different people. For some this means the option of a simpler bill – so they clearly understand what it means and what they're paying for.

In our customer value research only 34 per cent of customers said they knew 'a lot' about the bill. If we made even minimal changes to the bill, 74 per cent of customers told us that their satisfaction would improve. (Customers ranked this 19 out of 34 potential priorities).

For others reassurance of a choice of payment method and knowing they can pay delivers all the certainty and control they need: *"The bill smoothing is so comforting for me to manage my bill as a single mum, thank you."* – participant on bill simulator

However, for most customers certainty and control is directly linked to reward and recognition, particularly popular discounts and incentives they receive from other utilities for paying on time or paying early:

"At least a pay on time discount will be a good start. Hopefully one day this will come true" - Jihui, Mordialloc, Have Your Say website

Over 75 per cent of our customers pay on time every time making the provision of pay on time or early bird discounts unfeasible. The concept of increasing bills to fund such rewards was definitely not something customers were keen on, with many then starting to question how fair such incentives were for all, especially those vulnerable and unable to pay on time.

Discounts or rewards for bundle packages such as e-bills and direct debit were also popular and something our customers are keen for us to explore:

"eBills and direct debit is a no brainer and people should be encouraged in the strongest possible way to adopt these methods." – bill simulator participant

40%

Customers who completed our bill simulator who are willing to change to eBilling and direct debit if it results in savings on their bill.

Customers want costs kept down

Our customers expect that services and charges are fair for all and costs should be kept as low as possible; 80 per cent of customers surveyed as part of our value research said their satisfaction would improve if they knew that South East Water is operationally efficient (they ranked this eight out of 34 potential benefits).

Customers support digitisation to deliver benefits

It was clear throughout our engagement program that customers support the benefits of digitisation.

For example, when surveyed as part of our value research, 62 per cent of customers suggested that their satisfaction would improve if they were able to check and monitor their water usage online in real-time.

Local councils also flagged the need for such data for accountability and forward planning.



Results from our bill simulator suggest that an average annual bill increase of \$3 is seen as reasonable to enable digitisation. Customer comments indicated they expect it would create efficiencies and savings: *“Improving your digital offering should be your priority as it should improve your operating efficiency.”* – 35-44, male, tenant

Customers support us helping those in need

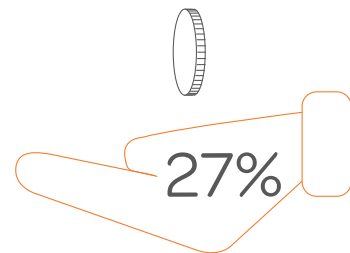
“Supporting the community must be a priority, especially those suffering from personal or financial vulnerability.” – 25-34 year-old male, tenant

With water a fundamental part of life, 69 per cent of customers who participated in our value research said their satisfaction with South East Water would improve if they knew we would help them if they needed support paying their bill.

“My wife and I have recently experienced a period of financial hardship, the South East Water hardship team have been wonderful in the way our case was handled with empathy and most importantly respect.” – 45-54 male, home owner

However there was a strong theme in focus groups where customers felt they were already paying for people in financial difficulty through their taxes and that those who are vulnerable are already receiving government benefits.

Results from our bill simulator showed that while 27 per cent of customers support increased investment in helping those in financial difficulty, most customers preferred that we raise better awareness about our support program and how to access it, rather than contribute additional funding.



What we do now, our plans and measures

To support bills and services that are fair and affordable for all, we plan to undertake the following initiatives based on customer feedback.

Provide greater bill certainty and control

Choice will be central to providing customers with a greater level of bill certainty and control.

During the next regulatory period we propose to:

1. Expand billing options and provide more information to allow customers to better manage their bill. This includes exploring discounts for eBill and direct debit customers. We will not pursue pay on time discounts, having

determined them to be unfeasible without increasing spend (which customers do not support)..

2. Further investigate choice tariff options and payment flexibility (especially to support vulnerable customers), with affordability not just about business efficiency and lower bills.

Keep costs down

Our goal to achieve a more affordable bill is a priority for our customers, too.

During the next regulatory period we propose to:

1. Reduce our operating cost per property by nine per cent from current levels, in addition to achieving efficiencies in operating

and capital expenditure (as outlined in this submission).

2. Work to increase customer awareness about our performance (including our track record as one of Australia’s most operationally efficient water corporations) and make details about this more accessible to help inform how we’re delivering value for money.

3. Work collaboratively with Melbourne Water to ensure it is aligned with this objective to keep costs down.

Please refer to the ‘Operating expenditure forecasts’ section for further detail on our approach to forecasting, which demonstrates our commitment to efficiency.

Table 12 Operating cost per property

	2016-17 actual	2022-23 target	Target % change
Operating cost per property	\$161	\$147	-9%



Digitisation to deliver customer benefits

Most customers see increases in digital services and automation as the key to providing greater choice – and more importantly to creating business efficiencies that can be reinvested into other areas that need improvement.

During the next regulatory period we propose to:

1. Continue driving efficiency through digitally transforming how we operate as a business and how we interact with our customers. While this will support all customer outcomes, benefits specifically related to this outcome include:

- providing greater information to help customers manage their bills and avoid 'bill shock'
- supporting our approach to minimising disruption to customers
- supporting a change in customer behaviour, by providing customers with tools that will

help empower them to reduce drinking water consumption.

Awareness and access for those in need

South East Water Assist is our dedicated program that supports customers who intend to pay their water and sewerage bills, but who may not have capacity to do so.

This may be due to low income or circumstances that are unplanned or uncontrollable. South East Water Assist manages approximately 4,500 customers every year, providing various support options ranging from payment plans, water saving audits and advice, through to bill management tools and access to community support services and government concessions and grants.

During the next regulatory period we propose to enhance South East Water Assist in the following ways:

1. Increase the number of customers supported by the program by:

- reducing the average level of debt upon entry to the program
- increasing awareness about the program and our support options
- implementing predictive capabilities to identify customers who require assistance, to address any payment difficulties early on.

2. Provide guidance and advice to high water users to reduce their usage to be more consistent with typical levels for their household size – in turn helping to improve their capacity to pay.

3. Provide personalised solutions and advice to help customers keep their bill amounts on track, which allows them to better manage ongoing costs and achieve account independence.

We therefore propose new targets to measure our performance in increasing the number of customers assisted by the program, as outlined in the following table.

Table 13 Support for vulnerable customers

	2016–17 current performance	2022-23 target	Target % change
Number of customers supported by South East Water Assist	4,557	7,147	57%
Average level of debt upon entry to South East Water Assist	\$925	\$800	-14%

Key actions, activities and programs to help keep our prices and services fair and affordable for all



Project	Cost (\$M)	Impact to average customer bill (\$ per annum)	Description
Enhance South East Water Assist program	Delivered through existing baseline expenditure	\$0	<ul style="list-style-type: none"> → Review and consolidate effective support options to identify vulnerable customers in a more proactive manner. → Work with our customers to make them more water efficient. → Provide more streamlined services to vulnerable customers by automating processes i.e. CentrePay. → Review our servicing model to provide more options to assist vulnerable customers at every touch point.
Digital Capability Pilot	Initial development costs of \$10M CAPEX for pilot phase proposed	+\$1	<ul style="list-style-type: none"> → To digitally transform how we operate as a business and how we interact with our customers, as outlined in 'What we do now, our plans and measures' in this section. → Undertake an end-to-end digital capability pilot, which will include digital meters, associated information technology and communications capabilities to allow customers to monitor their water consumption. <p>Please refer to 'Capital expenditure forecasts' section for further information.</p>
Enhance billing and payment initiatives	Delivered through existing baseline expenditure with the aim to deliver efficiencies through a greater take up of eBilling	\$0	<ul style="list-style-type: none"> → To review customer insights around our current billing and payment offerings with a view to develop and implement value added services. → Re-design the paper and eBill to improve transparency of charges and presentation of key information; simplify and improve payment options and knowledge. → Explore with customers payment options and payment behaviour i.e. discounts for eBills, direct debit, bill smoothing and other choice offerings. → Implement proactive, positive notifications such as bill due date pre-reminders (email and SMS).