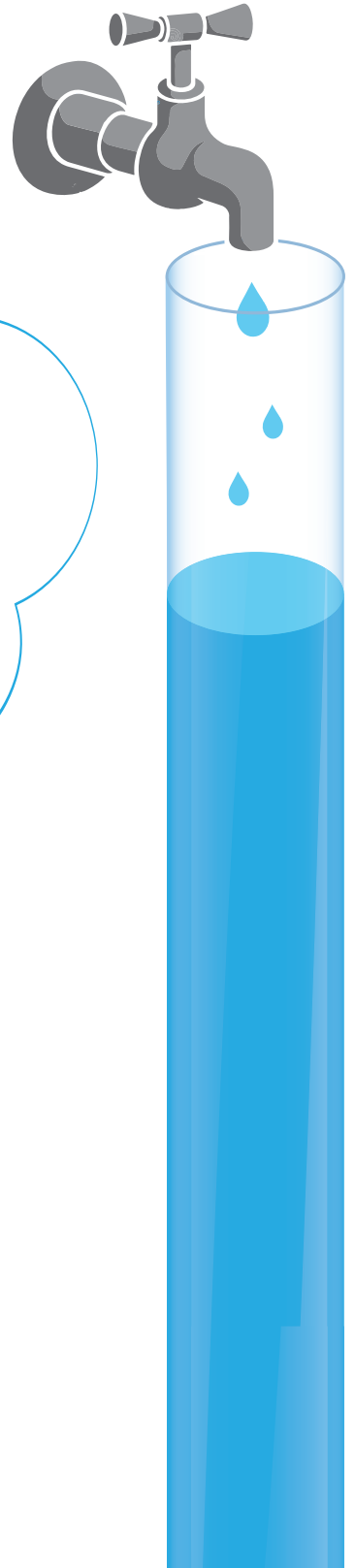




Barwon Water



# PREFERENCES

BARWON WATER UNDERSTANDING

## PREFERENCE

## THE PANEL SAID ...

## BARWON WATER THINKS THIS MEANS ...



### 1. Helping customers to save water and pay bills

#### SAME

Currently Barwon Water provides a substantial amount of assistance to help customers save water and pay bills. However, additional support information could be included on customers' bills, such as:

- Options available for assistance with paying bills; and
- Water saving tips

The panel does not support additional expenditure on helping customers to save water and pay bills.

But the panel thinks Barwon Water should include information on customer bills about:

- Current options available to help vulnerable customers
- Water saving tips



### 2. Supporting the community

#### MORE

- Barwon Water customers indicated they would like increased education around water saving (Community Consultation Report 2017 p.81)
- Barwon Water's proposed education programs costing approximately \$500,000 per year (as outlined in the Additional Information for Community Panel paper) supports the feedback provided by customers for the need to increase water saving education.
- An estimated additional \$2.50 per year (per household bill) would cover this cost.
- This ongoing spending on education could lead to reduction in usage costs to customers.
- Both items above support Outcomes 1 and 4.

The panel supports additional expenditure of \$500,000 / year on Water Efficiency and Literacy program.



### 3. Recognising Aboriginal values of water

#### SAME

We recommend the same level of spending but to be redirected into specific local collaborative projects with Aboriginal representatives such as the Painkalac Reservoir project at Aireys Inlet.

The panel does not support additional expenditure on recognising Aboriginal values of water.

But the panel thinks Barwon Water should redirect current expenditure into specific local collaborative projects.

## BARWON WATER PROPOSES TO ...

## \$ IMPACT

Continue current expenditure on helping customers to save water and pay bills (scope of programs set out in *Snapshot Report* (pages 17-18) and 2015-16 *Annual Report* (pages 15-17, 29-30).

Continue current expenditure on bill format and design but include information about assistance available to vulnerable customers and water savings.

Also include information about assistance available to vulnerable customers and water savings on other channels, such as website and new digital platform currently under construction.

**\$0.00**

Continue current expenditure of \$160,000 / year on Direct Education program and \$150,000 / year on Water Efficiency and Literacy program (scope of programs set out in *Additional Information for Community Panel – response to questions asked 25 February 2017*).

Include additional expenditure of \$500,000 / year on expanded Water Efficiency and Literacy program (scope of program set out in *Additional Information for Community Panel – response to questions asked 25 February 2017*).

**+\$2.50**

Continue current expenditure of \$150,000 / year on recognising Aboriginal values of water, with an emphasis on specific local collaborative projects. Current expenditure includes staff costs (0.5 FTE + 3 x 0.15 FTE) of \$100,000 / year and fees paid to local Aboriginal groups (e.g. language initiatives, Welcome to Country, meeting fees) of approx. \$50,000 / year.

The first step will be for Barwon Water to prepare a Reconciliation Action Plan (RAP), in collaboration with local Aboriginal groups, to identify specific local collaborative projects. As there may be more appropriate projects than Painkalac Reservoir, Barwon Water would prefer not to pre-empt any specific opportunities until the RAP is completed.

Barwon Water believes that \$150,000 / year is a baseline level of expenditure that will be required to maintain existing levels of engagement with local Aboriginal groups and to develop the RAP.

**\$0.00**

## PREFERENCE

## THE PANEL SAID ...

## BARWON WATER THINKS THIS MEANS ...



### 4. Creating a liveable community

#### SAME

(be clear about your intent)

A liveable community is a community that waters recreational spaces with recycled water, uses stormwater, creates community projects to improve public spaces, thus creating a desirable place to live.

Barwon Water's role in this is to engage and deliver healthy urban landscapes and places, effective wastewater management and healthy and valued waterways.

The intent is to continue to support liveable communities through existing projects and strengthened relations with current stakeholders with the same current financial contributions from Barwon Water. The funding to support these projects is a shared responsibility.

The panel does not support additional expenditure on creating a liveable community.

But the panel thinks Barwon Water should continue existing projects and strengthen existing networks.



### 5. Providing recreational opportunities

#### SAME

Recreational Opportunities are a range of recreational activities that include waterways, some reservoirs and landholdings that include fishing, bushwalking, birdwatching, bike riding and sightseeing.

The intent is to continue to provide these opportunities at the current level of development with the same current level of financial commitment.

The panel does not support additional expenditure on providing recreational opportunities.



### 6. Action on climate change

#### SAME

Keep level at the same level

In order to keep increases to minimum leave the same.

This cost represents a cost of \$2.90 per year per customer in 2018 moving to \$4.70 per customer per year in 2023. This then turns into a saving per year per customer of, \$0.50 in 2028, \$3.70 in 2033 and \$7.00 in 2038.

One by product of this is that this 100% renewable energy will reduce Class A water by 20% (Currently \$650 / ML, saving \$130 / ML).

The panel supports additional expenditure (at a cost of \$2.90 per year per customer) to deliver Board goal of 100% renewable energy by 2025.

## BARWON WATER PROPOSES TO ...

## \$ IMPACT

No additional expenditure but continue to:

- Work with councils to identify and protect priority parks, gardens, public open spaces and playing fields during drought.
- Develop an urban water strategy which looks at all drinking water and non-drinking water sources.
- Lead investigation of integrated water management and alternative water opportunities through the Barwon Region Integrated Water Cycle Management Network and other regional forums.
- Facilitate the development of Integrated Water Management Plans with local government and other stakeholders for growth areas.
- Collaborate with local government and other stakeholders to ensure appropriate domestic wastewater systems that supports growth and protects public health, the environment and liveability.

**\$0.00**

Continue current expenditure of \$100,000 / year on recurrent costs and \$250,000 / year on capital project costs to develop and encourage recreational opportunities at suitable locations within Barwon Water's service area (e.g. Painkalac Reservoir, Wurdee Boluc Reservoir, West Barwon Reservoir, Bostock Reservoir and Stoney Creek Reservoir).

Specifically, no additional expenditure but continue to:

- Prepare land and recreation management plans for each of these storages in consultation with the community and stakeholders, which will consider activities such as fishing, walking, bike riding, enjoying flora/fauna and picnicking.
- Provide easily accessible and user-friendly information to recreational users on river, storage and lake conditions to help them plan activities.
- Work with local councils to explore opportunities to utilise pipeline easements (e.g. for shared use tracks).

**\$0.00**

Implement Barwon Water's *Climate Change Mitigation Plan*, which provides a roadmap for a long term reduction in Barwon Water's carbon footprint.

Central to this roadmap is a strategy to switch to 100% renewable energy by 2025, through a combination of behind-the-meter renewable projects on Barwon Water sites (for example, construction of solar energy plant at Black Rock Water Reclamation Plant) as well as regional and sector-wide partnerships to secure renewable energy via the grid (for example, partnering with external organisations to support new renewable energy projects on non-Barwon Water sites).

**+\$2.90**

## PREFERENCE

## THE PANEL SAID ...

## BARWON WATER THINKS THIS MEANS ...



### 7. Protecting the environment

#### MORE

Our recommendation is to increase spending on enhancing the natural environment and to “act locally but think globally” in line with increased population growth and subsequent environmental pressures.

To place emphasis on local revegetation and weed control programmes to help increase wildlife habitat in our region. Our emphasis is local rather than meeting Barwon Water standards of Climate Change objectives.

The panel supports additional expenditure on protecting the environment – specifically targeted to local revegetation and weed control programs.



### 8. Supporting regional economic growth

#### SAME

Currently no there no funds directly allocated to this.

Keep current Barwon Water policy

Support local businesses at current levels (i.e. 70% of Infrastructure using local trades)

Any new initiatives presented to Barwon Water would be supported on merit.

The panel thinks Barwon Water should continue to use smart business practices that supports regional economic prosperity, but customer bills should not be subsidising economic growth.



### 9. Water security

#### SAME

We recommend more stringent permanent water restrictions with economic incentives for efficient use.

Cash rebates to customers to increase usage of water saving devices such as tanks, timing devices and instant water heating.

These devices to be made compulsory in new housing developments and dwellings.

Other measures may include returning to odd/even days for watering, hand held watering and time parameters during daylight savings.

The panel does not support additional expenditure on water security.

But the panel thinks Barwon Water should put more effort into redesigning water restrictions, making water efficient appliances compulsory in all new homes and providing cash rebates to customers for water efficient appliances/devices.

## BARWON WATER PROPOSES TO ...

## \$ IMPACT

Additional expenditure of \$112,500 /year by increasing current expenditure of \$225,000 / year on local community projects (e.g. Landcare, Riverhealth and Waterwatch programs in water supply catchments) by 50%.

Continue current expenditure on weed management and revegetation opportunities on Barwon Water land (e.g. water reservoir sites).

Continue to work with stakeholders on environmental flow opportunities for the Barwon and Moorabool Rivers.

**+\$0.56**

No additional expenditure but continue to:

- Source local trades and contractors in capital works program where appropriate and cost-effective to do so.
- Encourage and employ local suppliers across other parts of the business where appropriate and cost-effective to do so.
- Support GROW program (G21 Region Opportunities for Work), which tackles joblessness to improve economic and social prosperity of the region.
- Provide infrastructure and services necessary to meet economic needs and promote economic growth of the region, where cost-effective to do so.
- Partner more proactively with emerging and established businesses and industries to help support a sustainable and prosperous region.

**\$0.00**

No additional expenditure but work within existing legislative processes to redesign water restrictions (e.g. changes to permanent water saving rules would require a change to the legislative instrument that gives effect to Permanent Water Saving Plan) and to influence compulsory requirements for housing developments (e.g. planning rules and regulations).

Additional expenditure associated with implementing the Water Efficiency and Literacy program (see Tap 2) will include:

- Raising awareness of current permanent water saving measures.
- Providing cash rebates for vulnerable customers. Note that expanding the rebate offering to all customers could require additional expenditure of more than \$500,000 / year, depending on the extent of the rebate program.

**\$0.00**



## 10. Duration and number of water supply interruptions

### SAME

#### Unplanned

Everything to stay the same - Barwon Water customers surveyed for the Community Consultation Report understand how difficult it is to predict the disruption, or reduce the duration of the disruption.

### LESS

#### Planned

A vast majority of customers were unwilling to pay extra on their bills to lower the time spent without water during a planned outage.

Increase the service time to 5.5 hours for a planned outage - less cost - saves min \$1.70

Send people a reminder (sms or email) that the service will be off and will stay off longer a day or 2 in advance.

GSL payments to remain the same.

Reference for above: Community consultation report page 28, 29.

The panel supports change to expenditure on unplanned water supply interruptions.

The panel supports reducing expenditure on planned water supply interruptions by \$300,000 / year.

The panel thinks Barwon Water should send out reminders of planned water supply interruptions by SMS and email alerts.

## Duration of UNPLANNED water supply interruptions -

No additional expenditure, so target will remain to restore unplanned water supply interruptions within 5 hours (number of incidents where this target is not met will remain consistent with current average results).

## Number of UNPLANNED water supply interruptions -

No additional expenditure, so target will remain that a single customer does not receive more than 5 unplanned interruptions within a 12 month period (number of incidents where this target is not met will remain consistent with current average results).

## GSL reimbursement for not meeting this target:

Will remain the same and will continue to increase year by year to keep up with inflation (approx. \$82 in 2018/19 if a customer receives more than 5 unplanned water supply interruptions, i.e. for the 6th interruption and every interruption thereafter.)

## Duration of PLANNED water supply interruptions -

Reduce expenditure by approx. \$300,000 / year, so target to restore planned water supply interruptions will change from 5 hours to 5.5 hours (number of incidents where this target is not achieved consistent with the current average results, of 66 per year, relative to our total customer base). **This has a price impact of -\$1.70 / year.**

**-\$1.70**

## Notification of outages -

No additional expenditure required for SMS service, as this capability already exists (refer below) but only 50% of customers have a recorded mobile number.

## Planned outages:

Customers have historically and continue to receive letters via post regarding any planned water interruption. These typically arrive 2 weeks prior. To augment this service, a reminder SMS has been introduced, sent the day prior to the outage. This includes Sunday in the case of a Monday interruption. That message reads as "Barwon Water works reminder: <Supply Address>, water off tomorrow from <Planned off time> to <Planned on time>. Reply stop to opt out of text reminders"

## Unplanned outages:

In the case of an unplanned or emergency outage, an SMS is sent once the customers are identified, something done relatively quickly via communication from the field crew on site. At the earliest possible time, customers will receive "Barwon Water: work underway to repair a fault in your neighbourhood. Please visit [goo.gl/RlgD7Y](http://goo.gl/RlgD7Y) for details. To opt out reply STOP". Once the supply is restored, customers will be advised via "Barwon Water: fault repairs completed and services restored. Thank you for your patience. To opt out reply STOP"

## PREFERENCE

## THE PANEL SAID ...

## BARWON WATER THINKS THIS MEANS ...



### 11. Number of sewer spills

#### MORE

The feeling is that money can be better spent on other programs than focussing on reducing the number of people impacted from 150 to 1 per year.

However, each customer affected should be compensated for the clean-up costs for every spill which is the fault of Barwon Water. This could be in the form of an increase to GSL or reimbursement for clean-up costs.

□ of all customers consider sewerage spills the most important aspect of Barwon Water's services - Community consultation report, pg. 27.

The panel supports additional expenditure to provide GSL payment or compensation to any customer that experiences a sewer spill.



### 12. Customer service

#### MORE\*

Recommended Level of Customer Service Charge or Expenditure is to remain the SAME (i.e. \$ neutral)

We feel there is a need for more/new effort and initiative toward Customer Service overall with a view to:

Reward customers who join the digital economy and participate in the digital platform/social media via BW's website, mobile apps, e-mail account statements and social media pages.

#1) Moving customer account statements and billing to e-mail.

#2) Educate and Sell Customers on the benefits of installing Digital Water Meters important to rollout to all customers with no option to opt out and give flexible payment options supports innovation, education and long term affordability - partner with developers to have digital meters in all new constructions.

#3) strive for a cost neutral outcome to help affordability and liveability by reallocating funds, staff etc. rather than collecting more money on customers' bills

The panel does not support additional expenditure on customer service.

But the panel thinks Barwon Water should put more effort into digital initiatives – for example, rewards for customers that move to e-bills; encourage uptake of digital meters.



### 13. Increase the water and volume charge and decrease water service (fixed) charge

#### MORE

Increase of 10% to \$2.4819 p/kl on water volume, and decrease in fixed service charge to \$135 this leads to:

-save \$11 pa for average small households (110 kl/pa)

-none on average households (160 kl/pa)

-and \$33 pa for average larger households (310 kl/pa)

Outcome 2 speaks of lower average cost to households

Even though this calls for 10% increase on volume charge the end result is cost neutral to Barwon Water

The panel does not support additional expenditure, but the panel thinks Barwon Water should increase residential water volume charge by 10% and decrease residential water service charge accordingly; with no change to non-residential water tariff structure.

## BARWON WATER PROPOSES TO ...

## \$ IMPACT

Additional expenditure of \$175,000 / year to make payment of \$600 (current GSL payment) to each customer that experiences a sewer spill each year (approximately 245 in total), regardless of whether it is the first, second or third sewer spill they experience. This additional expenditure is based on the same level of compensation being provided regardless of the extent of the spill (e.g. minor splash versus major inundation).

Target will remain no more than 2 sewer spills onto a customers property per year (number of incidents where this target is not met will remain consistent with current average results).

**+\$0.88**

Additional expenditure associated with providing customers with an incentive to move to e-bills will be price-neutral to customers, because of savings that will be made by the billing department due to any increase in e-bills and decrease in paper bills.

Additional expenditure to encourage uptake and installation of digital meters will be subject to a satisfactory business case and done on a cost-effective basis (i.e. price-neutral to customers).

**\$0.00**

Increase the variable water tariff for residential customers by 10% and decrease the fixed water service charge for residential customers by approximately \$35, so that the revenue recovered over the 2018 Price Submission period is the same as it would be without the adjustment.

**\$0.00**

**(for 160 kL usage)**



#### 14. Class A recycled water charge

### MORE

Investment in recycled water encourages increased use, and reduction of demand on potable water.

Long term reduction of cost and price, and overall impact on water resources.

Invest money into education to change community perceptions around using recycled water for drinking purposes.

Increasing the discount for customers using recycled water from 20% to 30% would cost the average customer \$1 per annum.

In the future, it will become more cost effective to produce recycled water, due to advances in technology.

Reference: BW Strategic Intent pg. 11

Community Consultation report pg. 60, 61.

The panel supports additional expenditure on education to change community perceptions about using recycled water for drinking purposes

The panel thinks Barwon Water should set the price of Class A recycled water at 30% less than the price of drinking water.



#### 15. Sewerage charge

### SAME

Recommended level of charge to remain the "same and fixed for residential customers" and remain the "same and variable for commercial customers"

To accommodate new technologies and innovation (as mentioned in the 2013 to 2018 water plan page 4) as available and costed by Barwon Water in accordance with the positive response to sewerage services via the customer satisfaction survey at 92% on page 79 on the EY Sweeney community consultation report 2017

The panel does not support additional expenditure and the panel thinks Barwon Water should make no change to sewerage charge.

## BARWON WATER PROPOSES TO ...

## \$ IMPACT

Additional expenditure of \$100,000 / year on education program to change community perceptions about using recycled water for drinking purposes.

**This will have a price impact of +\$0.50.**

Further subsidise the cost of Class A recycled water to encourage its use by setting its \$/kL price at 30% less than drinking water, and recovering the shortfall through drinking water prices. **This will have a price impact of +\$1.00.**

Continue to identify and pursue recycled water opportunities where it is cost effective to do so (i.e. price-neutral to customers).

Participate in long term industry research and development / education programs in the area of reusing recycled water for drinking purposes.

**+\$1.50**

Set the fixed sewerage charge for residential customers to using same methodology as current.

Set the variable sewerage charge for non-residential customers using same methodology as current.

**\$0.00**

**TOTAL \$6.64**

