

Draft 2023 Price Submission check- in research

Barwon Water

Quantitative Research Report

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Project no.	31581/31582
Date:	1 st September 2022

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DRAFT 2023 PRICE SUBMISSION CHECK-IN RESEARCH - FINAL QUANTITATIVE REPORT

Dear Rachael,

Enclosed is the final report on the Draft 2023 Price Submission check-in research ("The Services").

This report has been prepared in accordance with the terms and conditions found in the proposal dated the 6th September 2021.

Please contact myself or Catherine if you have any questions regarding this report.

Yours sincerely,




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04	Summary of findings
07	Methodology and respondent profile
10	Detailed findings
11	A guide to reading this report
12	Outcome areas
17	Bills
23	Customers outlook on Barwon Water's five year promise

Contents

EY Sweeney is accredited under the International Standard, ISO 20252.

All aspects of this study have been completed in accordance with the requirements of that scheme.

Also please note that EY Sweeney's liability is limited by a scheme approved under professional standards legislation. A copy of the scheme can be obtained from us upon request.

Summary of findings



Report disclaimer

Our Report may be relied upon by Barwon Water for the purpose set out in the scope section/proposal only pursuant to the terms of our engagement letter dated 6th September 2021. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

Summary of findings - focus areas

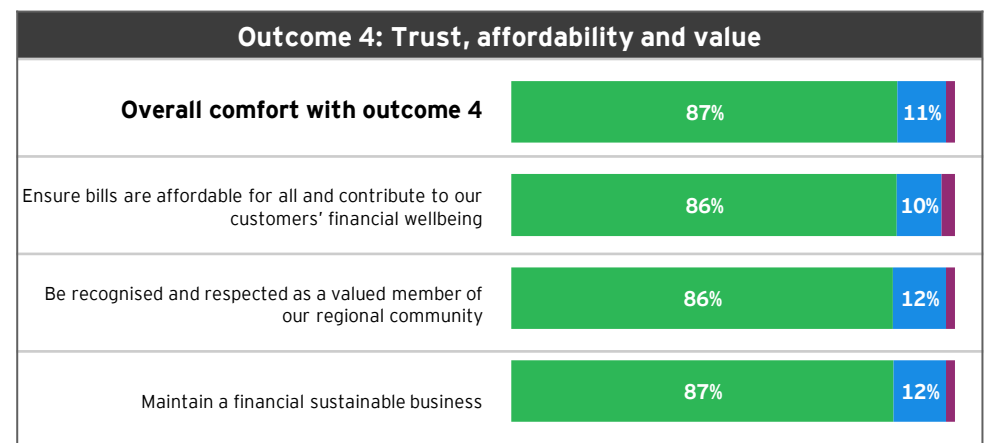
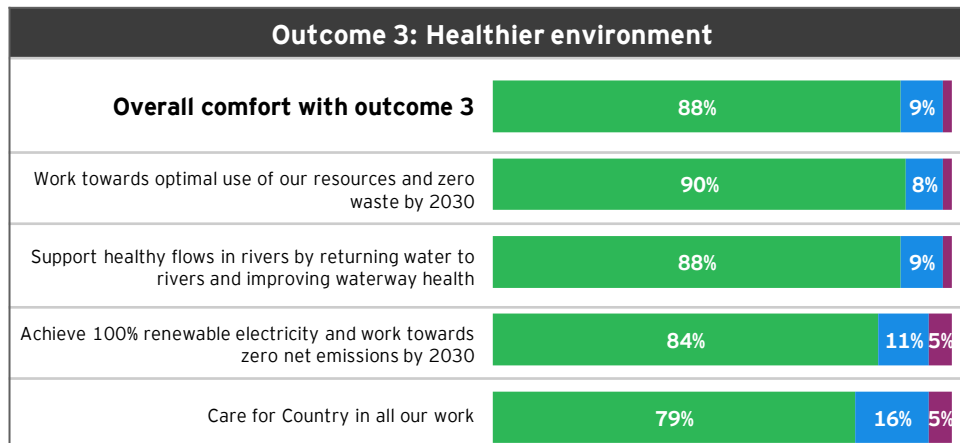
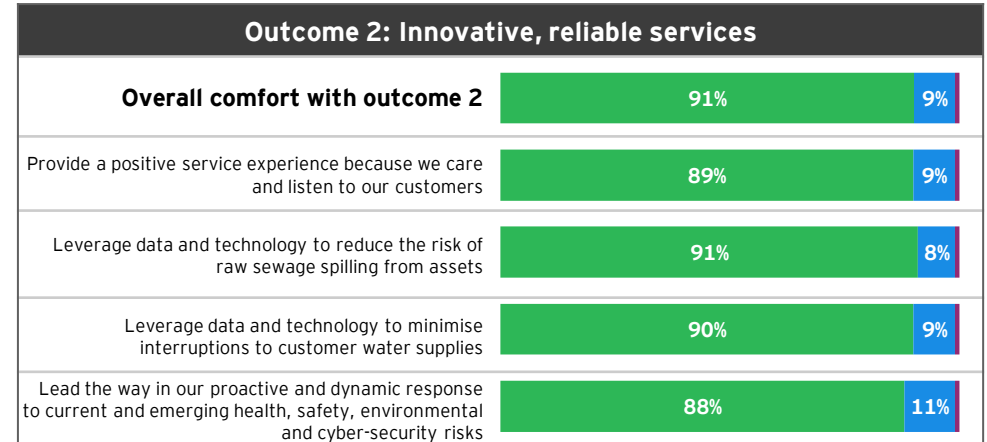
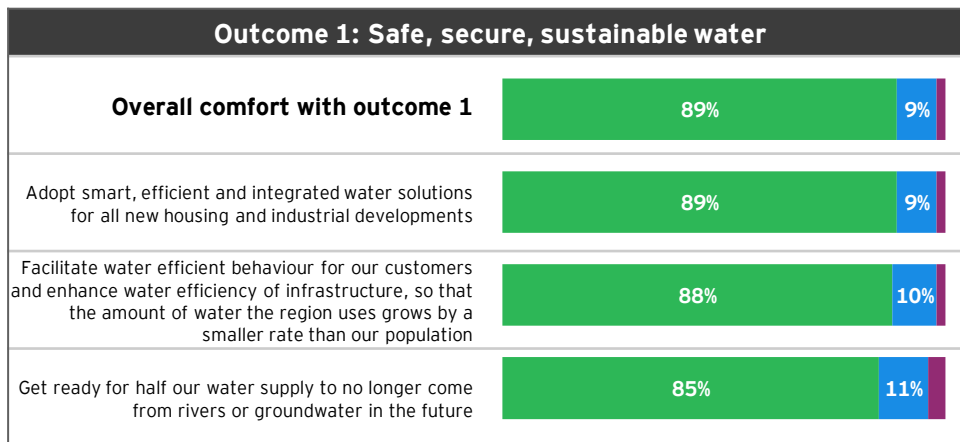


Overarching comfort with focus areas amongst customers

When presented with Barwon Water's core areas of focus and associated actions, both residential and business customers exhibit high levels of comfort with the direction Barwon Water is proposing for the next five years.

Of the four focus areas, levels of comfort were particularly high for all actions associated with providing innovative and reliable services - this is evident across both residential and business customer groups.

Overview of comfort across all four focus areas...



■ Total: Comfortable
 ■ Neither comfortable nor uncomfortable
 ■ Total: Uncomfortable

Note: Chart labels 4% and below not shown

Summary of findings - bills and value for money



The majority of customers are comfortable with Barwon Water's proposed bills

The vast majority of customers are comfortable with the proposed bill estimates for their type of bill over the next five year period.

Additionally, the majority of residential renters are comfortable with the with the proposed wind back of the current renter rebate over the next five year period (75% comfortable).



Customers believe Barwon Water's five year promise delivers good value for money

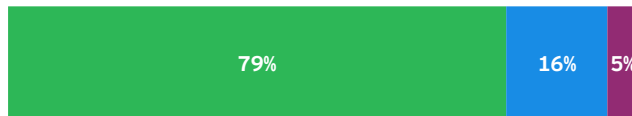
Four in five (82%) customers agree that Barwon Water's five year promise delivers good value for money; this is evident across both residential (82%) and business (80%) customers.

Level of comfort with proposed bills presented over the next five years...

(Full wording of the proposed bills presented to each customer are detailed on pages 19-22)

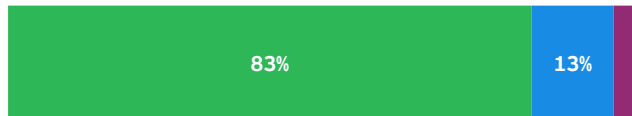
Residential owner:

**There is no change in the estimated bill excluding CPI*

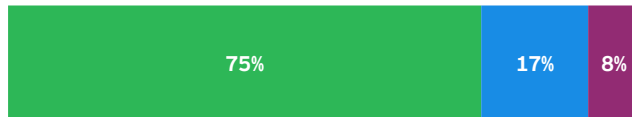


Residential renter:

**Yearly rebate of \$43 remains. There is no change in the estimated bill excluding CPI*

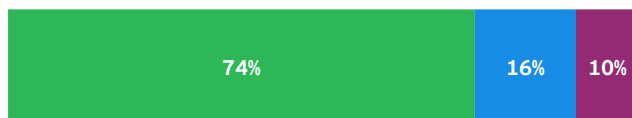


**Renter rebate gradually removed before 1 July 2028*



Business:

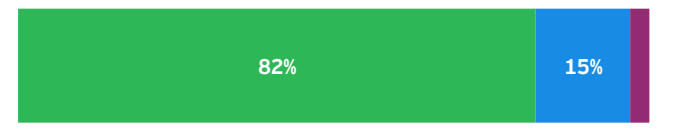
**There is no change in the estimated bill excluding CPI*



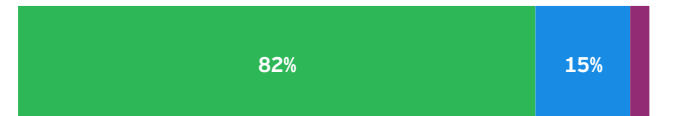
■ Total: Comfortable ■ Neither comfortable nor uncomfortable ■ Total: Uncomfortable

Level of agreement with Barwon Water's five year promise delivering good value for money...

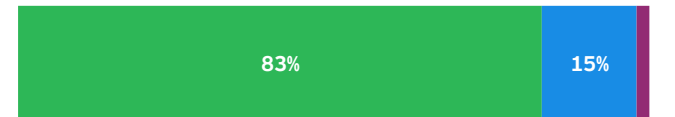
Overall



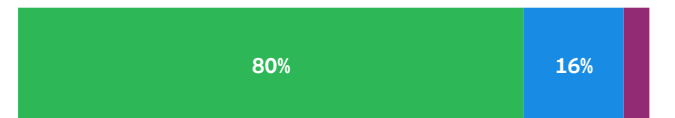
Residential owner customer



Residential renter customer



Business customer



■ Total: Agree ■ Neither agree nor disagree ■ Total: Disagree

Note: * Full descriptions shown to customers about proposed bills shown on slides 19-22)

Note: Chart labels 4% and below not shown

Methodology and respondent profile



Quantitative methodology

Fieldwork overview

- ▶ A total of 5,572 surveys were completed across both residential and business customers.
- ▶ The **residential** component of the research involved 5,538 online surveys conducted.
- ▶ The **business** component of the research involved 174 surveys, of which 74 were conducted online, and 100 were conducted by telephone surveys using Computer Assisted Telephone Interviewing (CATI).
- ▶ All surveys were conducted between 1st July and 29th July 2022.
- ▶ On average the survey took 7 minutes (online) or 10 minutes (business CATI) to complete.
- ▶ To be eligible for participation, all respondents were:
 - Aged 18 or over
 - Current Barwon Water customers
- ▶ The final achieved sample structure is shown in the table opposite.

Sample approach

Residential and business sample was managed by Barwon Water. All Barwon Water customers were sent an email invitation directly from Barwon Water to take part in the survey, as well as promoting the survey through various communication channels. Business sample was supplemented with lists provided by one of the leading list providers that EY Sweeney utilise - these additional surveys were conducted via a CATI approach.

Weighting

Combined customer results: To streamline reporting, 'whole of customer' results are presented. Meaning, results are based on the proportion of Barwon Water business customers (8%) and the proportion who are residential customers (92%). We have used these proportions to weight the data to present a total customer base figure. We have also provided results by each customer group.

Region weighting: Data for all customers was weighted to region populations.

Residential sample structure

		No. of surveys (unweighted) #	Weighted %	¹ Max margins of error +/- (%)
TOTAL		5,398	100%	1.3
Service area	Bellarine Peninsula	1,695	31%	2.4
	Borough of Queenscliff	144	0.5%	8.2
	Colac Otway Shire - Coastal	72	2%	11.5
	Colac Otway Shire - Hinterland	183	4%	7.2
	Golden Plains Shire	108	4%	9.4
	Central Geelong	487	9%	4.4
	North Geelong	893	16%	3.3
	South Geelong	1,227	23%	2.8
	Surf Coast Shire	589	10%	4.0

Business sample structure

		No. of surveys / interviews (unweighted) #	Weighted %	¹ Max margins of error +/- (%)
TOTAL		174	100%	7.4
Service area	Bellarine Peninsula	24	13%	20.0
	Borough of Queenscliff	9	1%	32.7
	Colac Otway Shire - Coastal	7	4%	37.0
	Colac Otway Shire - Hinterland	16	10%	24.5
	Golden Plains Shire	3	3%	56.6
	Central Geelong	33	18%	17.1
	North Geelong	35	19%	16.6
	South Geelong	35	19%	16.6
	Surf Coast Shire	12	14%	28.3

¹Maximum margins of error shown are based on a research finding of 50% at the 95% confidence interval

Quantitative respondent profile - weighted



Total:
Residential
customers

Home ownership

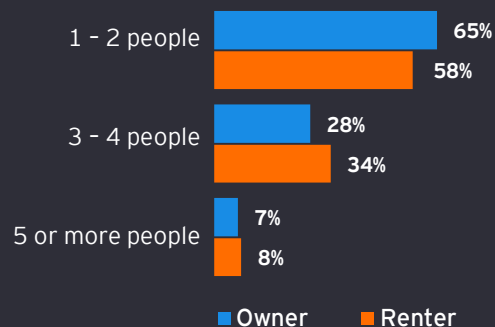
84%

Owned outright /
on a mortgage

16%

Renting

Household structure



Service area

Bellarine Peninsula	31%
South Geelong	23%
North Geelong	16%
Surf Coast Shire	10%
Central Geelong	9%
Colac Otway Shire - Hinterland	4%
Golden Plains Shire	4%
Colac Otway Shire - Coastal	2%
Borough of Queenscliff	0.5%



Total:
Business customers

Service area

South Geelong	19%
North Geelong	19%
Central Geelong	18%
Surf Coast Shire	14%
Bellarine Peninsula	13%
Colac Otway Shire - Hinterland	10%
Colac Otway Shire - Coastal	4%
Golden Plains Shire	3%
Borough of Queenscliff	1%

Detailed findings



A guide to reading this report

Report overview

This report focuses on the representative findings of the quantitative follow-up pricing review customer survey. The report has been structured around Barwon Water's four focus areas, and proposed bills.

Customer icons

The below icons have been used throughout the report to identify the residential and business customer cohort where relevant.





Residential



Business

Statistical significance

-  A green arrow indicates that a particular sub-group is significantly higher at the 95% confidence level compared to other sub-groups
-  A red arrow indicates that a particular sub-group is significantly lower at the 95% confidence level compared to other sub-groups



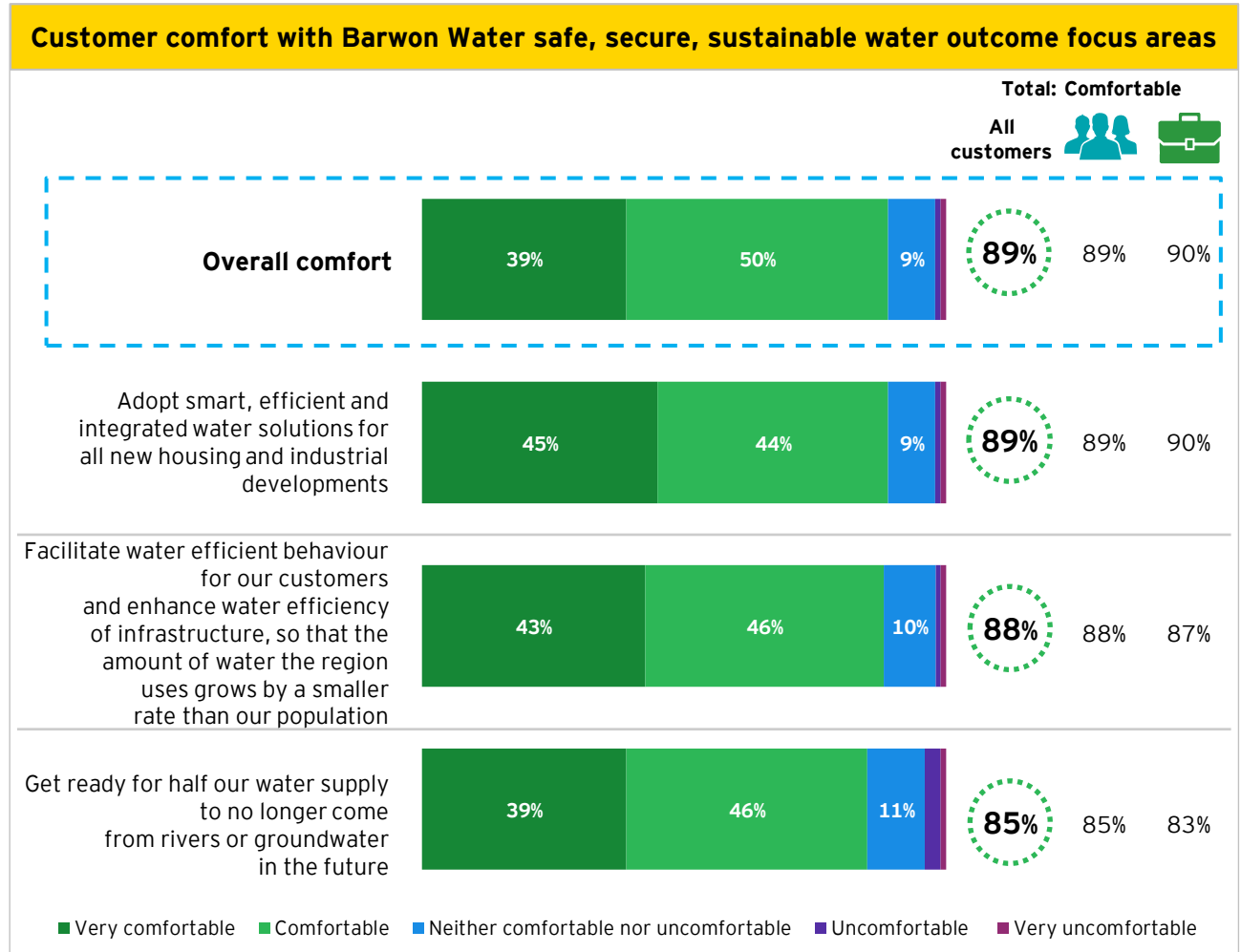
DETAILED FINDINGS

Outcome areas



Outcome 1: Safe, secure, sustainable water

- Overall, Barwon Water customers show strong levels of comfort towards the 'Safe, secure, sustainable water' plans, with nine in ten (89%) customers nominating either 'comfortable' or 'very comfortable'. This sentiment is shared across both residential and business customers (89% and 90% respectively).
- When prompted on factors that contribute to the 'Safe, secure, sustainable water' outcome, 'Adopt smart, efficient and integrated water solutions for all new housing and industrial developments' is seen to have the highest level of comfort amongst both residential and business customers (89% and 90% respectively).
- Overall, all actions contributing to this outcome are met with high levels of comfort amongst customers.



Base: Total customer (n=5,572), Residential (n=5,398) Business (n=174) | Note: Chart labels 2% and below not shown
 Q1_3, Q1_4, Q1_2: For the next set of questions we would like you to answer how comfortable, or uncomfortable, you are with the following focus areas Barwon Water plans to undertake between 2023 and 2028? | Q6_1: Now that you have seen some information on the focus areas relating to the outcome 'safe, secure, sustainable water', please rate your overall level of comfort with this outcome.

▲ ▼ Significant difference between residential and business customers

Outcome 2: Innovative, reliable services

- Nine in ten (90%) customers cite strong levels of comfort with the 'Innovative, reliable services' focus area. Again, both residential and business customers show great levels of comfort overall (90% and 92% respectively).
- The vast majority of residential and business customers are equally comfortable with all individual actions contributing to the focus areas.

In line with 2017, customers' level of comfort with 'Provision of a positive service experience' has remained consistent overtime, with nine in ten continuing to feel comfortable with this action area...

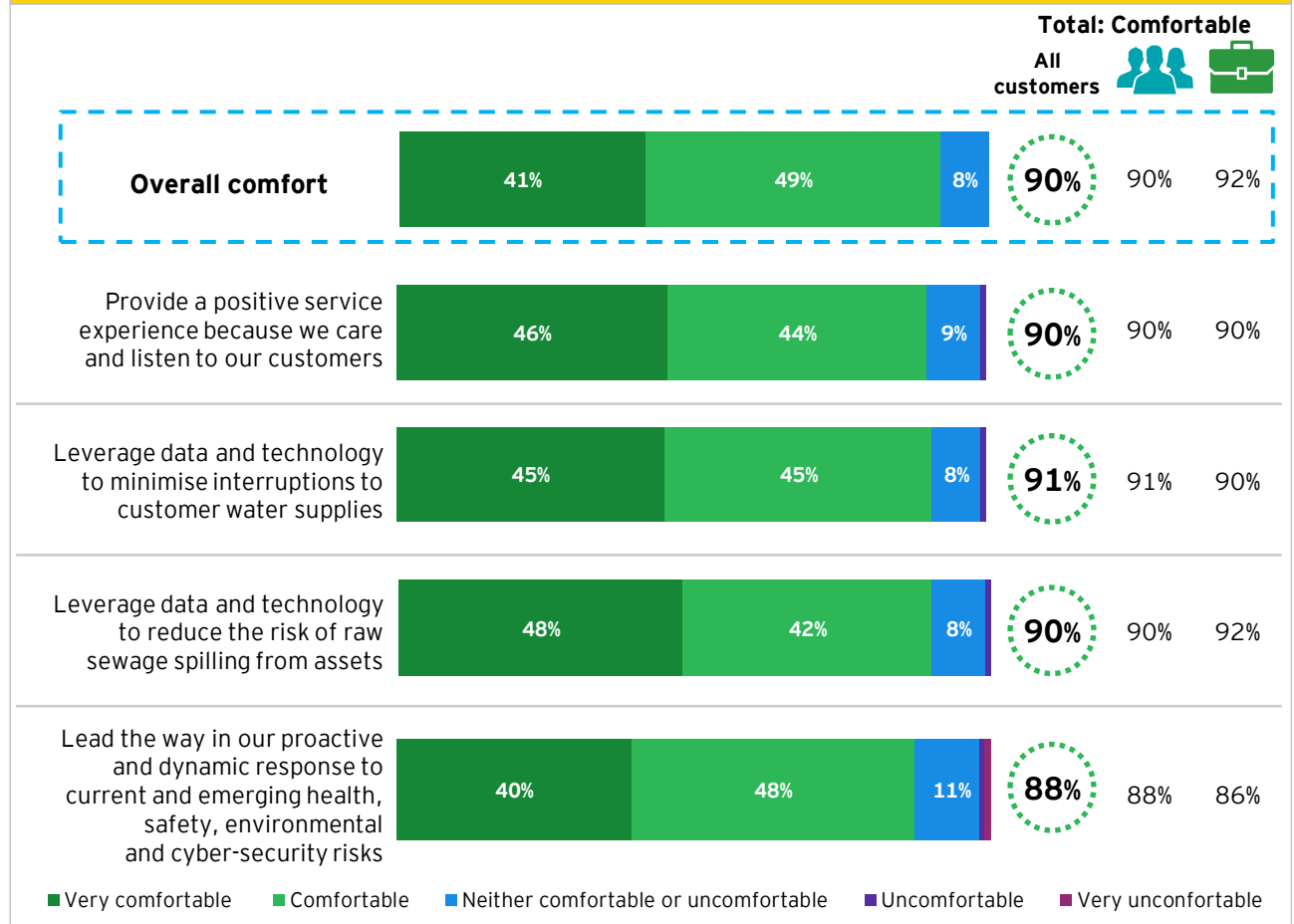


Total: Comfortable



Total: Comfortable

Customer comfort with Barwon Water innovative, reliable services outcome focus areas

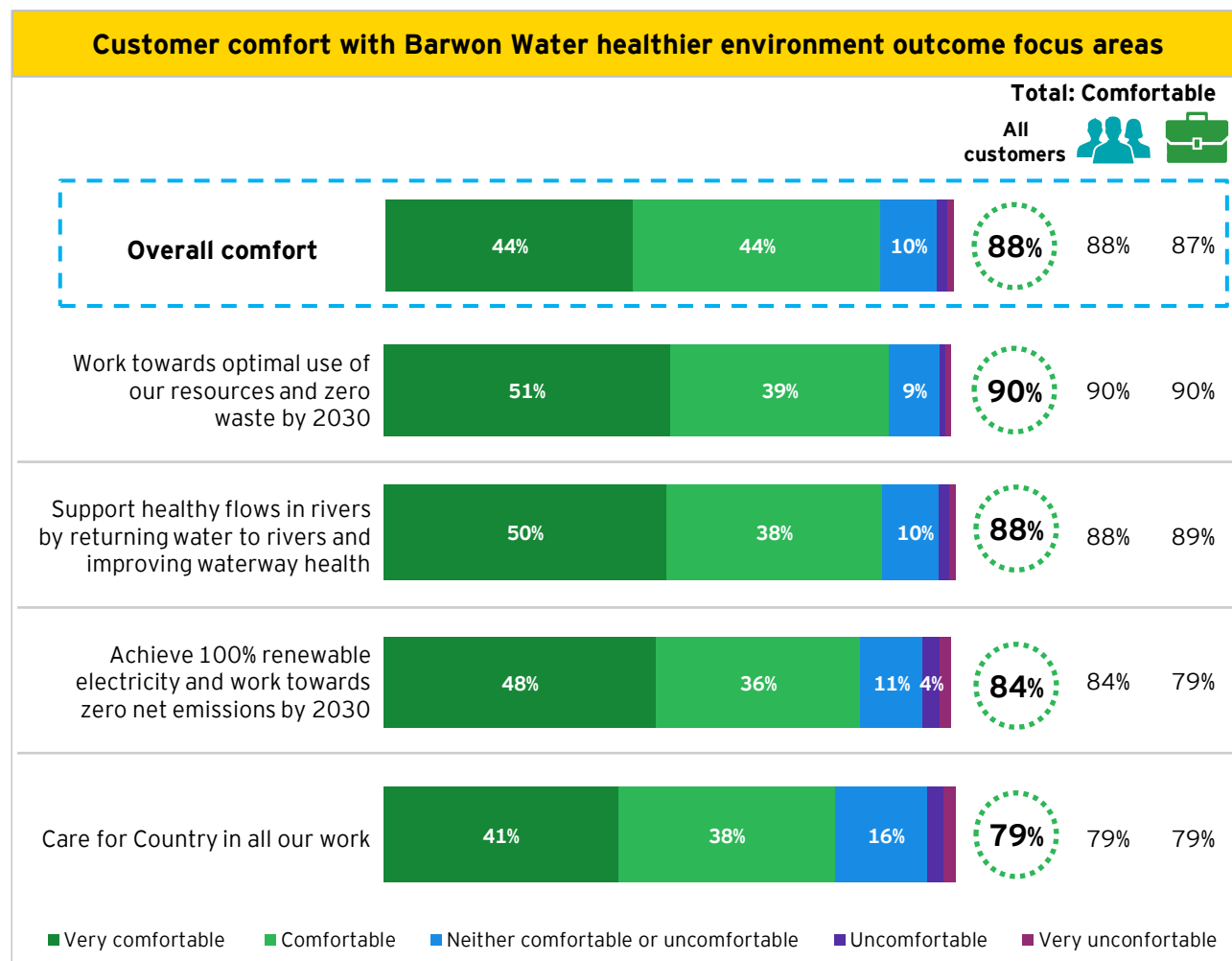


Base: Total customer (n=5,572), Residential (n=5,398) Business (n=174) | Note: Chart labels 2% and below not shown
 Q2_1, Q2_2, Q2_3, Q2_4: How comfortable, or uncomfortable, are you with the following focus areas and actions Barwon Water plans to undertake between 2023 and 2028? | Q6_2: Now that you have seen some information on the focus areas relating to the outcome 'innovative, reliable services', please rate your overall level of comfort with this outcome.

▲ ▼ Significant difference between residential and business customers

Outcome 3: Healthier environment

- Overall, 'Healthier environment' is another focus area in which Barwon Water customers have high levels of comfort. Nine in ten (88%) customers are either 'very comfortable' or 'comfortable' at an overall level.
- When prompted on actions contributing to the overarching focus area, one in two customers cite that they are 'very comfortable' with 'Work towards optimal use of our resources and zero waste by 2030' (51%) and 'Support healthy flows in rivers and improving waterway health' (50%).
- While the vast majority are comfortable (79%) (with two in five customers - 41% - indicating that they are 'very comfortable') with 'Care for Country in all our work', this aspect rates slightly lower than the other factors in this focus area.

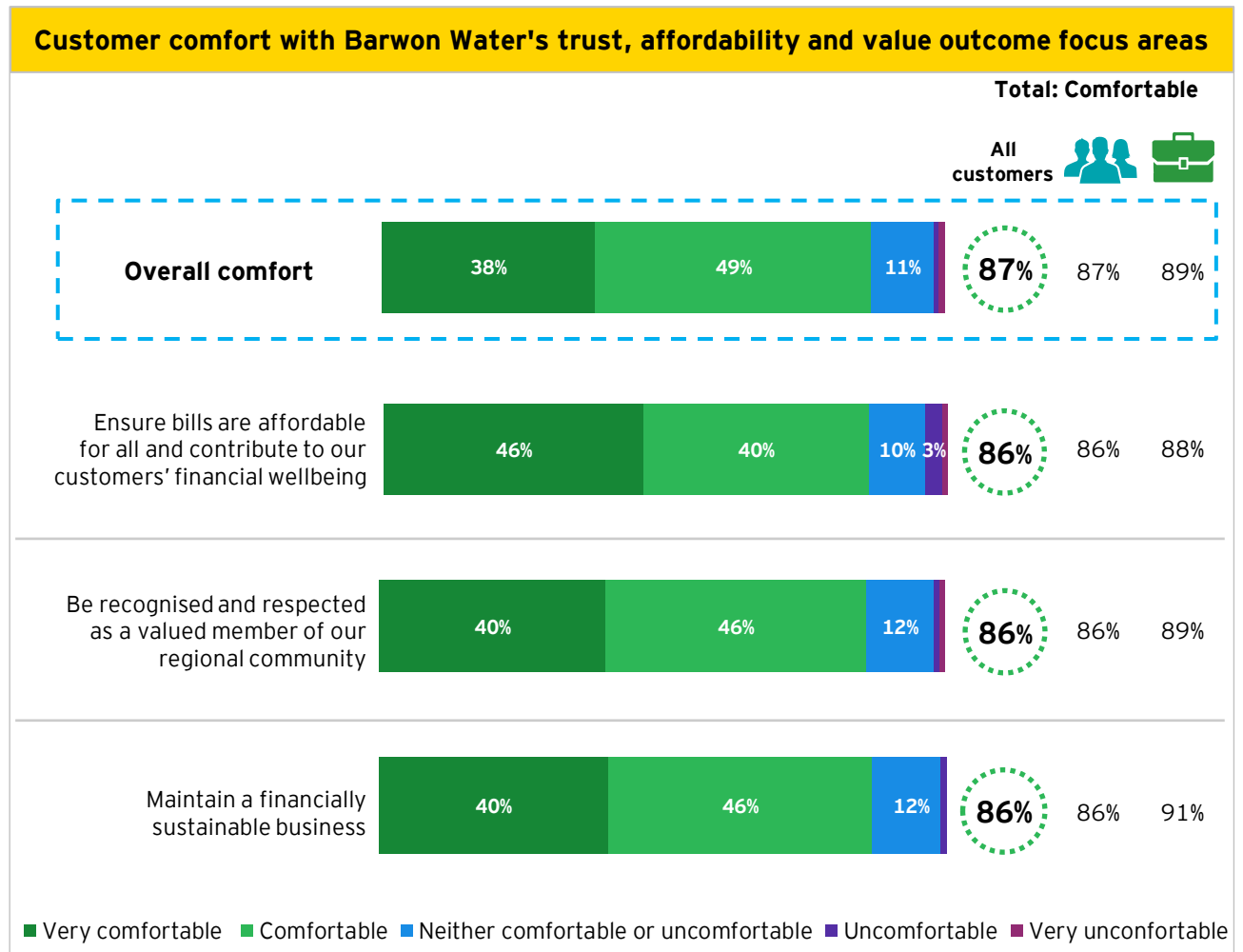


Base: Total customer (n=5,572), Residential (n=5,398) Business (n=174) | Note: Chart labels 3% and below not shown
 Q3_1, Q3_2, Q3_3, Q3_4: How comfortable, or uncomfortable, are you with the following focus areas and actions Barwon Water plans to undertake between 2023 and 2028? | Q6_3: Now that you have seen some information on the focus areas relating to the outcome 'healthier environment', please rate your overall level of comfort with this outcome.

▲ ▼ Significant difference between residential and business customers

Outcome 4: Trust, affordability and value

- Overall, nine in ten (88%) Barwon Water customers are comfortable with the 'Trust, affordability and value' focus area. This sentiment again being shared across both residential and business customers (87% and 89% respectively).
- When prompted on actions contributing to the overarching focus area, all actions contributing to this outcome are met with high levels of comfort amongst customers (all 86% comfortable).



Base: Total customer (n=5,572), Residential (n=5,398) Business (n=174) | Note: Chart labels 2% and below not shown
 Q4_1, Q4_2, Q4_3: How comfortable, or uncomfortable, are you with the following focus areas and actions Barwon Water plans to undertake between 2023 and 2028? | Q6_4: Now that you have seen some information on the focus areas relating to the outcome 'trust, value and affordability', please rate your overall level of comfort with this outcome.

▲ ▼ Significant difference between residential and business customers

DETAILED FINDINGS

Bills



All customers were shown information regarding how Barwon Water proposes to approach their water and sewerage pricing.

The following text (detailed below) was shown to all customers before being asked to determine their level of comfort to the proposed bill estimates specific to them.

Barwon Water customers have one of the lowest water bills nationally compared to similar sized utilities. Barwon Water has worked hard to find cost savings to ensure bills are kept as low as possible while continuing to secure water supplies, manage wastewater and deliver high quality services.

Barwon Water proposes to keep average residential homeowner and business bills the same for the next 5 years and not pass on any price increases other than Consumer Price Index (referring to the cost of goods and services, known as CPI or inflation). These prices will be in place from July 2023 until June 2028.

[Additional information for residential renters] For residential renters, average bills will rise by approximately \$2.75 per quarter or \$0.92 cents per month as the current rebate winds back.



Comfort with Barwon Water's proposed bills – business

Business bill information shown to business customers...

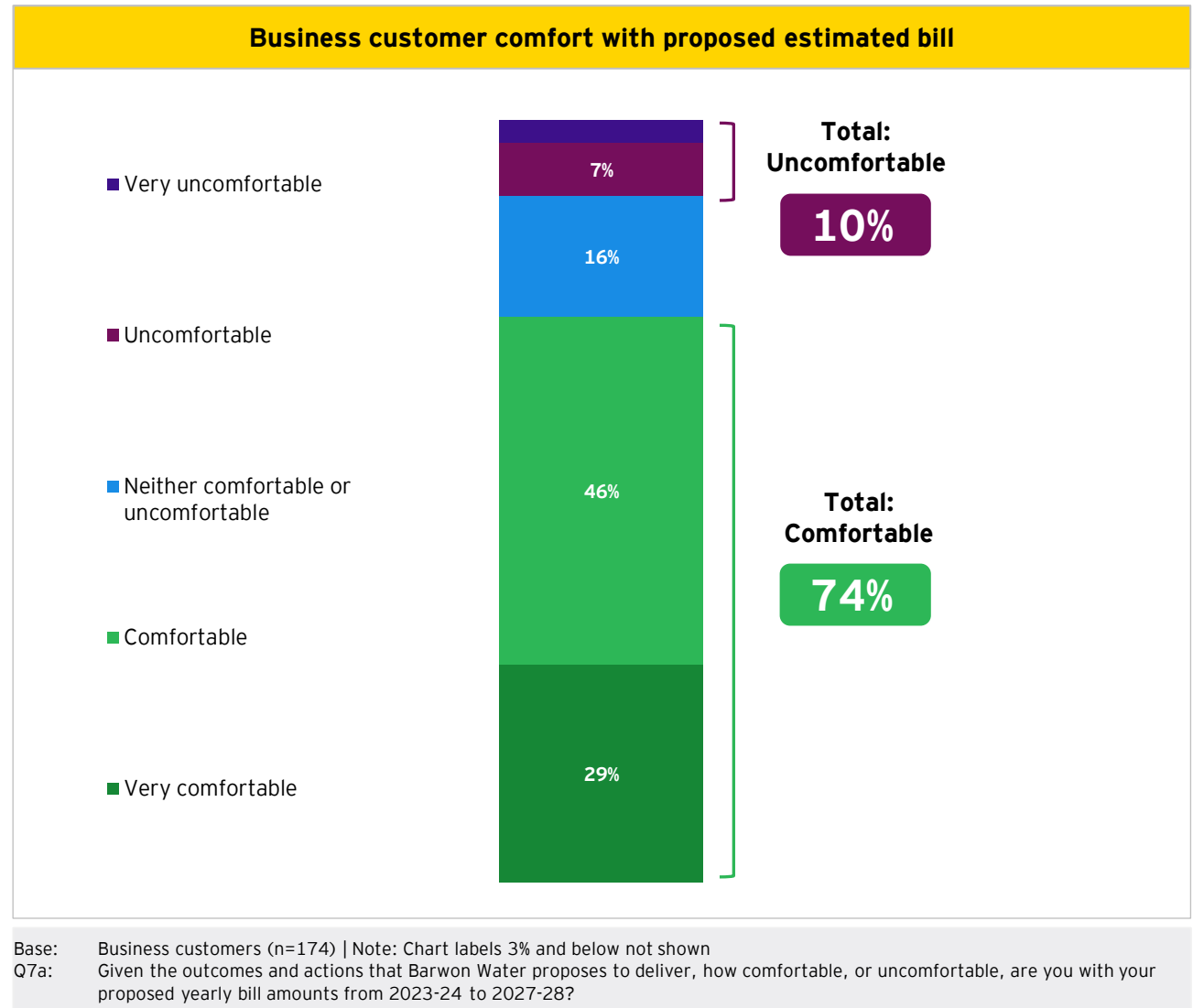
Business (using 3,000kL per year)

Current estimated yearly bill (2022-23): \$12,827

Estimated yearly bill (2023-24 to 2027-28): \$12,827

There is no change in your estimated bill excluding CPI.

- Three in four (74%) of business customers are comfortable with the proposed estimated yearly bill. Around three in ten (29%) are 'very comfortable' and around almost one in two (46%) 'comfortable'.



Comfort with Barwon Water's proposed bill - residential owner

Residential owner bill information shown homeowners...

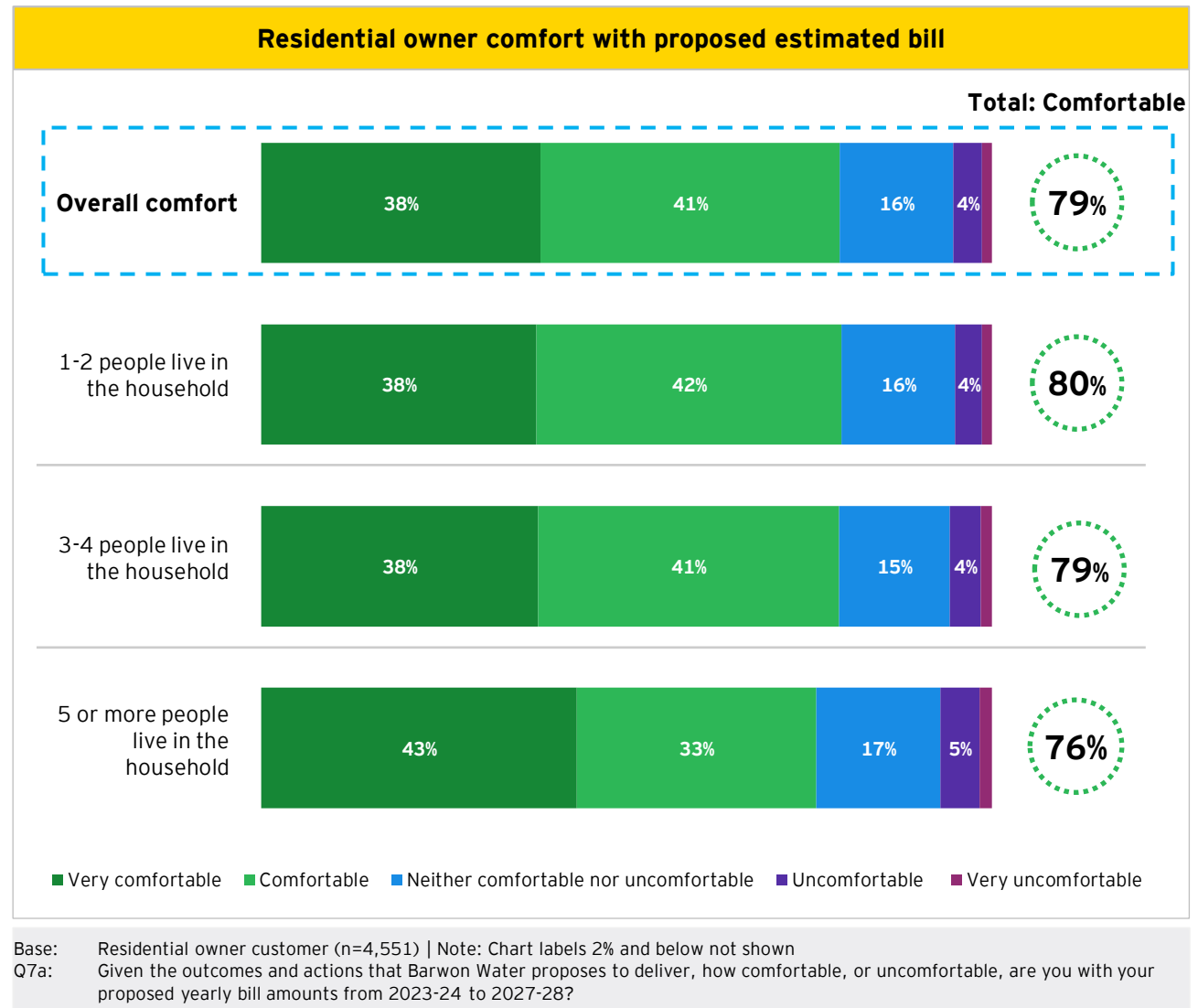
Residential owner-occupier or homeowner (using 160kL per year)

Current estimated yearly bill (2022-23): \$1,076

Estimated yearly bill (2023-24 to 2027-28): \$1,076

There is no change in your estimated bill excluding CPI.

- The majority of residential owner customers are comfortable with the proposed estimated yearly bill (79%), with two in five 'very comfortable' (38%).



Comfort with Barwon Water's proposed bill - residential renter

Residential renter bill information shown to renters...

Below is some information on your proposed average July 2023 to June 2028 bill. All residential renters will continue to receive a yearly rebate of \$43 in 2023/24 to support them to pay their bill.

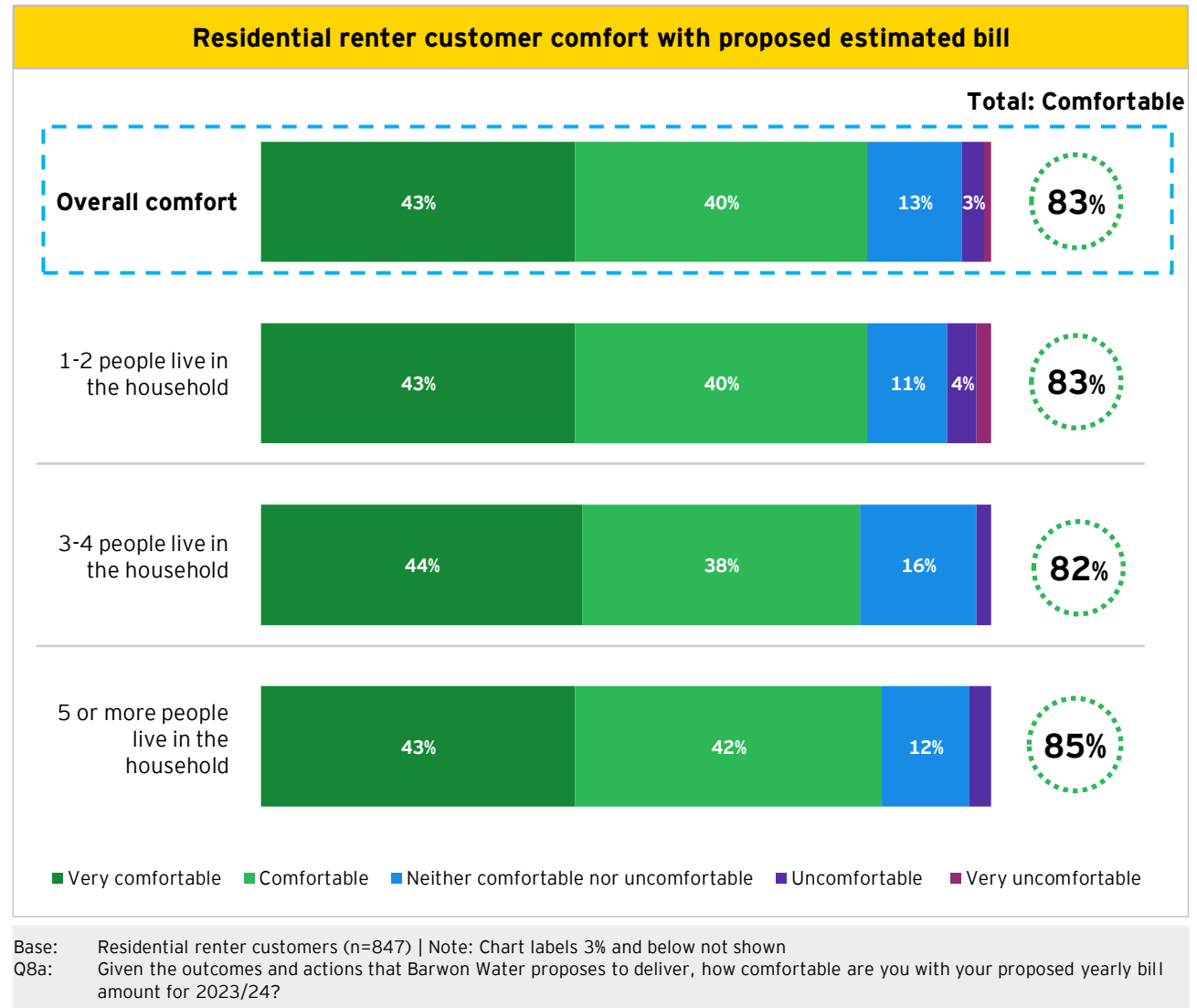
Residential renter (using 160kL per year)

Current estimated yearly bill (2022-23): \$314

Estimated yearly bill (2023-24 to 2027-28): \$314

There is no change in your estimated bill excluding CPI.

- Eight in ten residential renter customers are comfortable with the proposed average July 2023 to June 2028 bill (83%). Of which, around two in five 'very comfortable' (43%) and 'comfortable' (40%).
- Strong levels of comfort are supported by the majority of household populations, with only a marginal proportion of residential renter customers very uncomfortable with the proposed average five year bill.



Comfort with Barwon Water's proposed rebate removal – residential renter

Residential renter bill information shown to renters

Below is some information on your proposed average water bills from 2024-25 to 2027-28. Please note that residential renters will receive rebates ranging from \$32 to \$10 from 2024-25 to 2026-27 to support them to pay their bills. Barwon Water must remove the renter rebate before 1 July 2028. A gradual reduction aims to support renters in this change.

Residential renter (using 160kL per year)

Estimated yearly bill for 2024-25:

\$325 (\$32 rebate applied)

Estimated yearly bill for 2025-26:

\$336 (\$21 rebate applied)

Estimated yearly bill for 2026-27:

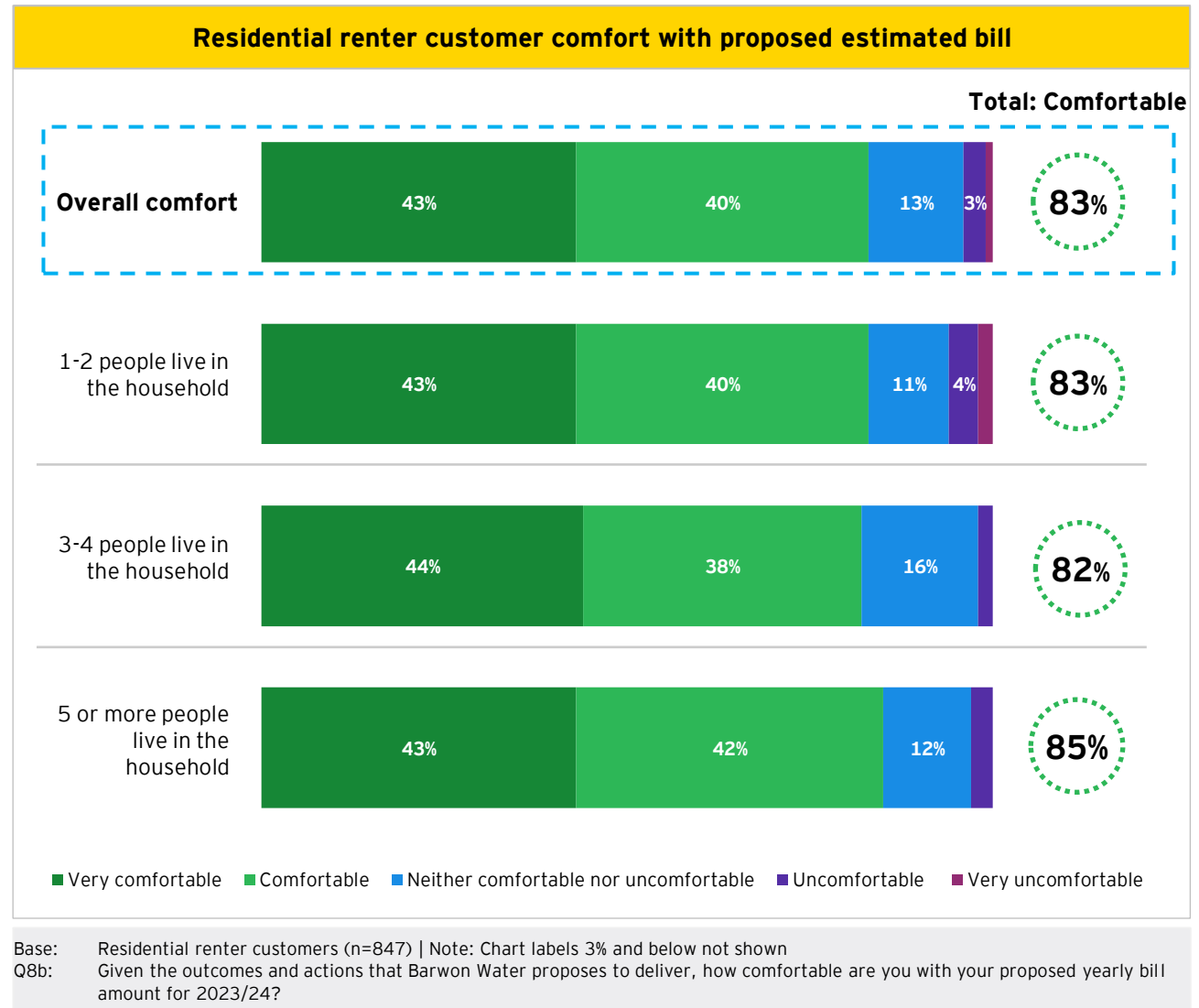
\$346 (\$10 rebate applied)

Estimated yearly bill for 2027-28:

\$357 (\$0 rebate applied)

Estimated future bill amounts automatically factor in the rebate and do not include CPI adjustments.

- Residential renter customers are comfortable with the proposed average water bills from 2024-25 to 2027-28, even with the removal of the renter rebate.



DETAILED FINDINGS

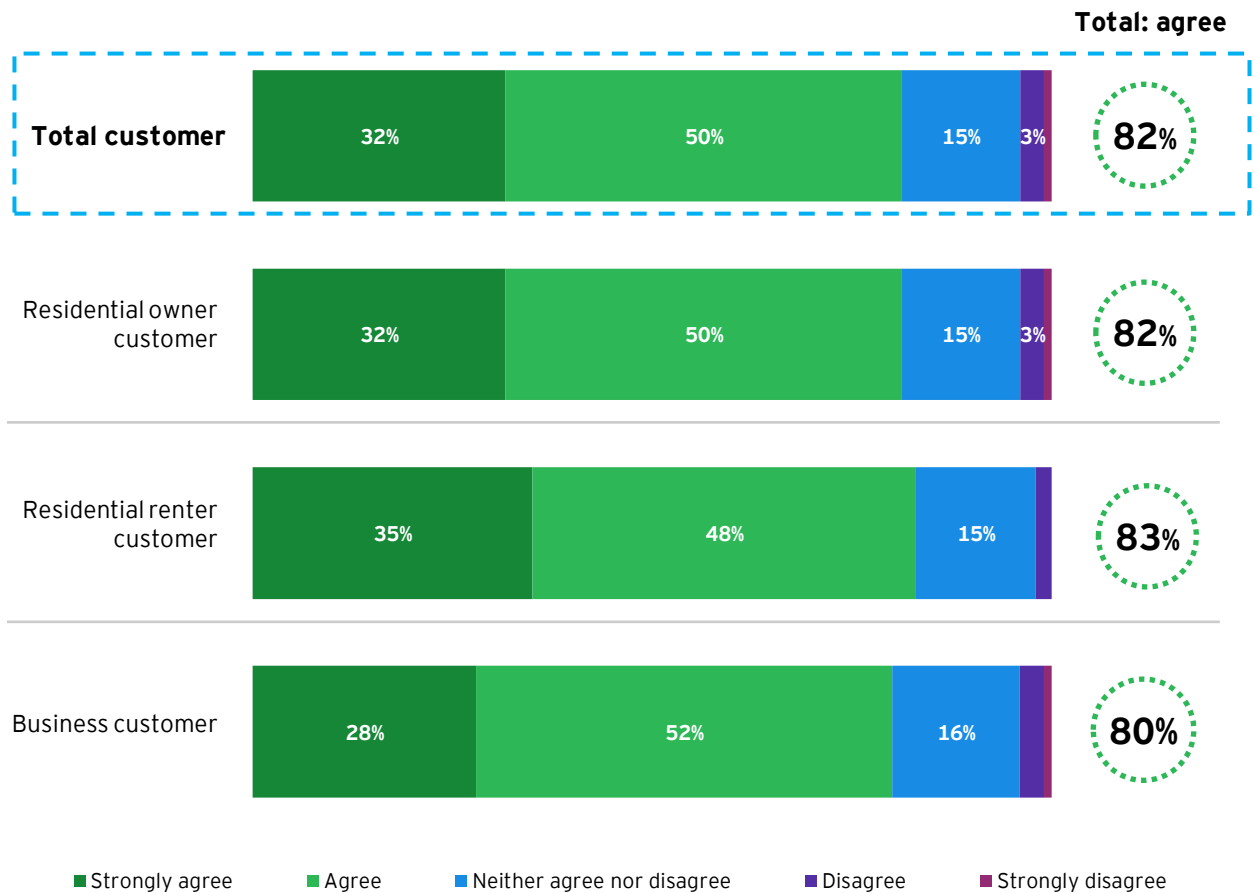
Customer views of Barwon Water's five year promise



Customer perceptions that Barwon Water's five year promise delivers good value for money

- Overall, the majority of customers agree that Barwon Water's five year promise and supporting focus areas deliver good value for money (82%).
- This sentiment is shared across all Barwon regions, with no apparent statistical differences noted. This is an encouraging result for Barwon Water's five year promise, as it resonates across residential and business customers.

Customer perceptions that Barwon Water's five year promise delivers good value for money



Base: Total customer (n=5,572), Residential (n=5,398) Business (n=174) | Note: Chart labels 2% and below not shown
QN1. Given the information you have been provided regarding your bills, to what extent do you agree, or disagree, that Barwon Water's five year promise and supporting focus areas, deliver good value for money?

Suggested improvements



All customers were provided the opportunity to share their feedback on the proposed outcomes, focus areas and proposing bills over the next five years (2023 - 2028). The following key themes were identified from the free-text responses, with a selection of verbatim responses shown to illustrate the themes.

Instil trust in consumers through the refinement and subsequent communication of measurable actions

“

I have been comfortable with all of Barwon Water's focus areas and outcomes. My only hesitancy [is the] uncertainty regarding how to pay. The fact that Barwon Water intends not to raise user costs leaves me a little uncertain.

The goal of sustainable water without increasing costs seems ambitious. I hope it is realistic.

The intent of Barwon Water's concepts is excellent, but without supporting plans on how to achieve the results, it is difficult to gauge the likelihood of them coming to fruition.

It is an excellent yet ambitious plan, with lots on the agenda. Wondering what outcomes may need to be delayed if budget restrictions require so.

Consider rewarding those whose water saving efforts are in line with Barwon Water's focus on creating a healthier future

“

It is worth considering a "peak/blackout" time where, if the water usage is less than average for the household/region, than you could have a discount applied to your water bill. This would help encourage clients to use less water.

I would like to see a discount for having a water tank used for sewage.

Households that have invested in capturing rainwater for grey water usage and preventative street flooding should be further incentivised and rewarded with lower cost structures.

To assist with both costs and water usage, I would prefer to have the service fees reduced and pay via usage, this way it makes the household budget more manageable as well as providing more incentive for people to reduce their water use.

While I recognise it is complex, it is quite frustrating when making the effort to save water that on a tax invoice it makes little difference due to the service costs that are static.

Focus on keeping consumer costs at a minimum to ease the cost of living

“

[Barwon Water] states bills will be the same which is good; however, in the current economy it would be great to see ways in which the bills could be reduced for customers at times.

With the price of standard of living rising and increase in rates... further strain [is placed] on people and communities. I wonder what plans [Barwon Water] have in place to support people in financial hardship.

Barwon Water should be focusing on reducing cost for residents. I am sure that cost savings can be made within the budget. CPI increases will be too high in the next few years and prices will increase to levels that most customers will not be able to afford.



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ED None.

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