

## G. CUSTOMER SERVICE STANDARDS

The Regulator sets TasWater’s customer service standards. These are detailed in the Customer Service Code, TasWater’s Customer Contract and TasWater’s policies. Each customer service standard has a minimum or target level of service for TasWater to achieve. In its proposed PSP, TasWater proposed changes to its current service standards to reflect feedback from customers with regard to their preferences and service level expectations.

In its Draft Report, the Regulator draft decision was to approve most of TasWater’s proposed service standards as they were consistent with the requirements and were informed by customer engagement. However, for selected measures, the Regulator intended setting higher performance standards than TasWater proposed and required TasWater to clarify how some of the standards are to be defined.

### The Regulator’s approach to service standards

The Regulator’s Water and Sewerage Industry Customer Service Code (the Code), made under section 57 of the *Water and Sewerage Industry Act 2008*, establishes minimum service standards and conditions of supply for regulated services. TasWater must meet the customer-related standards, procedures and conditions set out in the Code, and develop a customer charter that meets the requirements of the Code.

The Regulator’s PSP Guideline<sup>159</sup> required TasWater to propose appropriate minimum service standards for the fourth regulatory period that reflect the preferences and expectations of customers, and outline how they are supported by its planned operating and capital expenditure programs.

The Regulator’s assessment of TasWater’s proposed service standards begins with an assessment of whether or not TasWater has been meeting the minimum standards for the current regulatory period. TasWater must justify changes to its current service standards and identify any changes in its operating costs, legislative requirements or other factors that may affect the setting of service standards.

### TasWater’s performance against the service standards applying for the third regulatory period

The minimum service standards applicable for the third regulatory period are set out in Schedule 1 of the Customer Service Code<sup>160</sup> and include 17 standards and minimum service levels across three broad areas of water, sewerage and customers.

Table G.1 provides a summary of TasWater’s performance against the minimum service standards from 2018-19 to 2020-21. For some of the measures, TasWater was required to meet a service standard that sets a minimum percentage of incidents where action or resolution is required within a specified period (eg the percentage of water interruptions where water supply is restored within three hours).

The coloured ‘traffic lights’ have been included to indicate whether TasWater met, did not meet, or came close to meeting, the minimum service standard.

<sup>159</sup> *Tasmanian Water and Sewerage Industry 2018 Price Determination Investigation Price and Service Plan Guideline*, April 2021.

<sup>160</sup> *Tasmanian Water and Sewerage Industry Customer Service Code*, 27 November 2020 (Version 7).

TasWater’s proposed PSP provides a more detailed summary of its performance against key service standards.

Table G.1 TasWater’s PSP3 service standards and performance outcomes

Ref	Service standard	2018-19		2019-20		2020-21		2021-22	
		Actual (Standard)	Standard						
<b>Water</b>									
1	Water main breaks (no. per 100km of water main)	40.7 (35)	32.6 (35)	51.9 (35)	35				
2	Percentage of response times within 60 minutes to attend Priority 1 bursts and leaks	97.4% (90%)	92.3% (90%)	90.0% (90%)	90%				✓
3	Percentage of response times within 180 minutes (3 hours) to attend Priority 2 bursts and leaks	96.2% (90%)	97.2% (90%)	93.2% (90%)	90%				✓
4	Percentage of response times within 4,320 minutes (3 days) to attend Priority 3 bursts and leaks	89.1% (90%)	94.5% (90%)	93.3% (90%)	90%				✓
5	Incidence of unplanned interruptions water (no. per 1 000 properties)	214.8 (170)	220.3 (170)	207.6 (170)	170				
6	Incidence of planned interruptions water (no. per 1 000 properties)	111.9 (20)	60.5 (20)	47.2 (20)	20				
7	Percentage of unplanned water interruptions with a duration of less than three hours <sup>1</sup>	86% (80%)	87% (80%)	84 % (80%)	80%				✓
8	Percentage of planned water interruptions with a duration of less than three hours <sup>1</sup>	27% (80%)	14 % (80%)	14 % (80%)	80%				✓
9	Percentage of unplanned water supply interruptions restored within 5 hours <sup>2</sup>	96.0% (94%)	94.7% (94%)	94.3% (94%)	94%				✓
10	Percentage of planned water supply interruptions restored within 5 hours <sup>2</sup>	59.5% (90%)	83.9% (90%)	54.5% (90%)	90%				✓
11	Percentage of non-revenue water (of total sourced potable water) (unaccounted for water)	22.3% (28%)	28.1% (28%)	25.4% (28%)	28%				
<b>Sewerage</b>									
12	Sewerage mains breaks and chokes (no. per 100km of sewer main)	36.6 (65)	41.2 (65)	56.6 (65)	65				
13	Percentage of response times within 60 minutes to attend sewer spills, breaks and chokes <sup>2</sup>	88.9% (85%)	91.5% (85%)	91.0% (90%)	90%				✓
14	Percentage of sewage spills contained within 5 hours <sup>2</sup>	99.7% (99%)	99.7% (99%)	99.4% (99%)	99%				✓
<b>Customers</b>									
15	Total water and sewerage complaints (no. per 1 000 properties)	12.6 (11)	8.8 (10)	10.6 (9)	9				
16	Water and sewerage complaints to the Ombudsman (no. per 1 000 properties)	0.31 (0.5)	0.14 (0.5)	0.16 (0.5)	0.5				
17	Percentage of calls answered by an operator within 30 seconds	87.1% (85%)	83.0% (85%)	92.1% (85%)	85%				✓

Notes:

- The wording in the Code is "Average duration of an unplanned/planned interruption - water (minutes)" - 180 minutes / 80% of time
  - Actual performance is provided to one decimal place to provide a greater understanding of trends.
- ✓ Denotes a 'minimum' service standard' that should be interpreted as (for example) "TasWater will arrive onsite to a Priority 1 water supply burst within 60 minutes" rather than an average standard which would be "On average TasWater will arrive onsite to Priority 1 water supply bursts within 60 minutes".

Source: Adapted from TasWater’s proposed PSP, Table 4.1, pages 52-53.

## Water service performance

The water service-related service standards applicable for the third regulatory period are included in Table G.1 and relate to the timely response to bursts and leaks, the restoration of planned and unplanned water service interruptions and the percentage of the volume of potable water that is not recorded as being consumed, known as non-revenue or unaccounted for water.

TasWater met six of 11 water service-related service standards in 2020-21 (the last reporting period for which data is available). These related to timelines for responding to bursts and leaks, the timely restoration of unplanned water supply interruptions, and the percentage of unaccounted for water.

Five of the service standards that TasWater did not meet in 2020-21 related to the average number of water main breaks per 100 kilometres, the incidence of planned and unplanned water supply interruptions and the timely restoration of planned water supply interruptions. TasWater states that the unfavourable performance for the incidence of unplanned water service interruptions reflects, in part, failures in ageing infrastructure.

In relation to the rate of water main breaks, TasWater met, or almost met its performance targets in two out of three years of the third regulatory period. TasWater states that the fluctuating performance is due, in part, to a large number of assets across the State nearing the end of their useful lives, leading to performance failures.

TasWater stated that it has faced challenges with data capture and reporting in the field. In particular, the duration of planned interruptions has been based on the advance estimates provided to customers of the expected duration of interruptions, rather than the actual time spent on restoring supply. For a very large share of planned interruptions, TasWater did not expect that the duration would be less than three hours. TasWater expects the H2GO system will provide more accurate data in future periods, resulting in improved performance.

The percentage of treated water lost from TasWater's reticulation network (unaccounted for water) is significant, at around three times the level of equivalent mainland utilities. TasWater met the standard in 2020-21, though the standard has been set at a relatively high percentage of 28 per cent.

The Regulator has identified reducing the level of unaccounted for water as a major priority area in recent State of the Industry reports. TasWater has also reported that customers provided feedback to TasWater that water loss was a major concern. TasWater acknowledges that the service standard for unaccounted for water represents a fairly low bar relative to the performance of similar water utilities and accepts that further effort is required to improve system performance and reduce losses.

## Sewerage service performance

The sewerage-related service standards require TasWater to respond quickly to sewer spills and contain them within a reasonable timeframe (ie five hours). TasWater also committed to limiting the number of breaks and chokes occurring in its sewer mains, which can lead to overflows and spills.

TasWater met all three service standards in relation to sewerage and sewer spills in 2020-21. TasWater has stated that sewer spills, breaks and chokes remain a key operational priority due to the potential to cause substantial damage or harm to customers, property or the environment.

TasWater expected continued refinement of the scheduling and dispatch process to lead to improved response times to both water and sewerage interruptions, allowing it to continue meeting its commitments for service delivery.

## Customer service performance

The number of complaints, and the response times at TasWater’s call centre have been the focus of these service standards in the third regulatory period.

TasWater met two of the three service standards in 2020-21 and was only marginally outside the standard in the third (the number of complaints per 1 000 customers). In the two previous years, TasWater met, or almost met, these standards. TasWater has stated that an increase in call volumes in the first half of the 2019-20 financial year impacted on the performance of its call centre and not meeting the call centre service standard.

The number of complaints made to TasWater has decreased in recent years. This is likely to be due, in part, to the completion of various drinking water projects across the State and the absence of boil water and ‘do not consume’ alerts in 2019-20 and 2020-21.

Further details on TasWater’s performance against these service standards in the context of TasWater’s proposal are included below.

## Regulator’s review and final decision on service standards for the fourth regulatory period

TasWater proposed 20 customer service standards and levels for the fourth regulatory period following consultation with customers and stakeholders. TasWater’s proposal included 13 existing standards (some with modification or a new minimum service level) and seven new measures. Five measures were removed or replaced with a similar metric.

The Regulator reviewed TasWater’s proposed customer service standards taking into consideration feedback from customers with regard to their preferences and service level expectations and whether or not TasWater has been meeting the minimum standards for the current regulatory period.

There were no customer submissions on the Regulator’s draft decisions on service standards. TasWater’s submission accepted most of the Regulator’s draft decisions, but did not agree with the Regulator’s draft decision to retain the service standard for unaccounted for water. TasWater also sought to retain its proposed service levels for water main breaks rather than the improved service levels in the Regulator’s draft decision.

The Regulator’s approved customers service standards are set out in the table below. The Customer Service Code will be amended to reflect this final decision on the new service standards and targets for the fourth regulatory period.

Each service standard is discussed in detail in the sections below, including those proposed by TasWater that the Regulator has decided not to accept for inclusion in the Code.

Table G.2 Summary of Regulator's final customer service standards

Ref	Service standard	2022-23	2023-24	2024-25	2025-26	
*	Percentage of customers supplied by drinking water systems that meet best practice risk mitigation	13.4%	65.6%	66.6%	66.6%	not accepted
1	Real losses: Water lost per km of water main, per day (kL)	9.0	8.0	7.5	7.0	accepted
2	Percentage of unaccounted for water (of total sourced potable water) (%)	20	19	18	17	retained by Regulator
3	Number of water main breaks per 100km of water main	33	32	31	30	accepted with revised levels
4	Priority 1 bursts and leaks - Percentage of response times within 60 minutes to attend water supply issues that may cause serious harm to customers, property or the environment	90%	90%	90%	90%	✓ accepted
5	Priority 2 bursts and leaks - Percentage of response times within 3 hours to attend water supply issues that cause, or may cause, minor damage or harm to customers, water quality, flow rate, property or the environment	90%	90%	90%	90%	✓ accepted
6	Priority 3 bursts and leaks - Percentage of response times within 3 days to attend water supply issues that cause no discernible impact to customers, property or the environment	90%	90%	90%	90%	✓ accepted
7	Number of unplanned interruptions per 1 000 properties (water supply)	170	169	167	165	accepted
8	Percentage of unplanned interruptions restored within 3 hours (water supply)	80%	80%	80%	80%	✓ retained by Regulator
9	Percentage of unplanned interruptions restored within 5 hours (water supply)	94%	94%	94%	95%	✓ accepted
*	Average duration of unplanned water supply interruptions, in minutes	180	180	180	180	not accepted
10	Percentage of planned interruptions restored within the time nominated* to affected customers (water supply)	90%	95%	95%	95%	✓ accepted, needs defining
11	Percentage of planned interruptions restored within 5 hours (water supply)	90%	90%	90%	90%	✓ retained by Regulator
12	Number of sewer mains breaks and chokes per 100km of sewer main	40	40	39	38	accepted
13	Number of critically notifiable sewage spills <sup>#</sup>	2	2	1	1	accepted
14	Percentage of sewer spills, breaks and chokes attended to within 1 hour	90%	90%	90%	90%	✓ accepted
15	Percentage of sewage spills contained within 3 hours	99%	99%	99%	99%	✓ accepted with revised levels
*	Number of customers experiencing repeat unplanned water supply interruptions in a financial year	Report only	Report only	Report only	Report only	not accepted
*	Number of customers experiencing repeat sewer breaks and chokes that may impact on service	Report only	Report only	Report only	Report only	not accepted
16	Percentage of calls resolved upon first contact <sup>^</sup>	90%	90%	90%	90%	accepted, needs defining
17	Customer satisfaction score	70%	72%	74%	75%	accepted, needs defining
18	Number of water complaints per 1 000 properties	6.0	6.0	6.0	6.0	accepted with revised levels
19	Number of sewerage complaints per 1 000 properties	1.3	1.1	1.0	1.0	accepted

## Notes:

- \* Time nominated is the finish date and time of the interruption that was communicated to affected customers when notified of the planned interruption.
- # Critically notifiable spills are determined by using the EPA Sewage Spill Notification Guidelines. The full document is available at [www.epa.tas.gov.au](http://www.epa.tas.gov.au).
- ^ First contact resolution is determined when the customer responds 'yes' to a post-call survey that asks if their call was handled at the first point of contact.
- ✓ Denotes a 'minimum service standard' that should be interpreted as (for example) "TasWater will arrive onsite to a Priority 1 water supply burst within 60 minutes" rather than an average standard which would be "On average TasWater will arrive onsite to Priority 1 water supply bursts within 60 minutes".

## Drinking water quality

TasWater proposed introducing a new service standard and target for drinking water quality, namely the 'percentage of customers supplied by water systems that meet best practice risk mitigation standards'. The current percentage is reported to be four per cent and TasWater proposed increasing this to 66.6 per cent by 2024-25. TasWater claimed that if this target is achieved, it will demonstrate that public health is being adequately protected and customers can be reassured that the water delivered to their taps is safe to drink.

Drinking water quality is a compliance obligation set by the Director of Public Health. TasWater's proposed approach to increase the number of water systems that meet best practice risk mitigation standards is designed to achieve this compliance obligation by reducing the risk of failure. While maintaining the current high drinking water quality performance standards is a key priority for TasWater, the Regulator considers that the proposed measure does not have a sufficiently direct link to the reliability of the delivery of water services to customers to be a customer service standard.

As expressed in its draft decision, the Regulator considers that is not necessary to introduce a customer service standard relating to this matter and will not include in the Code a customer service standard relating to the risk management of TasWater's water treatment plants.

## Water supply losses

The primary goal of a water distribution system is the efficient delivery of water. Therefore, a key performance indicator for TasWater is the extent of water losses, namely the volume or percentage of potable water produced that is not reported as being supplied and charged to customers.

Water losses can be separated into two categories: real losses (leakage and overflows from mains, service reservoirs and service connections prior to customer meters) and apparent losses (unauthorised consumption and customer metering errors). Non-revenue water includes both types of water loss, and also unbilled authorised consumption.

TasWater has reported on unaccounted for water since 2014-15. On average, 26 per cent of potable water has been reported as unaccounted for in each year.

TasWater proposed replacing the current 'unaccounted for water' measure of water loss, which includes real and apparent losses, with a measure of 'real' losses only. Real losses are reported by all urban water utilities as part of the national performance framework (NPR indicator A11). '*Real losses: Water lost per km of water main, per day (kL)*' measures real losses in the potable water distribution system and does not include apparent losses.

TasWater's proposed service standard for real losses of 7kL per km of main per day by 2025-26 is around twice the median rate of loss reported by mainland utilities of around 3.5 kL per km of main per day.<sup>161</sup> However, this represents a significant improvement from TasWater's recent reported level of real losses, including over 11kL/km water main/day in 2019-20 and 9kL/km water main/day in 2020-21.

As expressed in its draft decision, the Regulator is satisfied that the proposed measure of real losses is appropriate and considers that meeting the proposed service standards would represent a significant performance improvement.

However, the Regulator was concerned that the rate of apparent water losses has been high and notes that some elements of TasWater's NWR strategy are targeted at reducing apparent water losses, such as identifying customers that receive water supply that is not metered. It is not equitable for some customers to continue to be supplied with water for which they are not billed while the water treatment and other costs are paid for by other customers.

TasWater should also have reliable metering systems and other infrastructure and information systems to better understand the sources of non-revenue or unaccounted for water across its many water systems. TasWater should identify cost effective opportunities to reduce unaccounted for water to bring its overall performance closer to the performance of mainland utilities.

In its response to the Regulator's draft decision, TasWater maintained its preference for replacing the standard for unaccounted for water with a measure of real losses.

The Regulator maintains its view that there is merit in retaining a service standard for unaccounted for water in the Code, in addition to the new measure of real losses. Considering recent performance and TasWater's planned expenditure on reducing unaccounted for water, it is appropriate to expect improved performance, even in the short term. This is also a matter that has been raised by members of the Regulator's OCCC (OTTER Customer Consultative Committee).

Based on TasWater's proposed standards for real water losses and the rates of unaccounted for water for mainland utilities, the Regulator will set a service standard for all unaccounted for water at 20 per cent in 2022-23, declining by one percentage point each year to 17 per cent by 2025-26.

<sup>161</sup> Bureau of Meteorology, *National performance report 2020-21: urban water utilities*, Part B complete dataset (A11), 30 November 2021.

## Water main breaks

Water utilities across Australia report on the rate of water main breaks as a proportion of the total length of water mains as an indicator of both customer service (eg outages and service interruptions) and the condition of the network (NPR indicator A8).

TasWater's service standard for the third regulatory period was 35 breaks per 100km of water main per year. TasWater proposed a small reduction in this rate in 2024-25 of 34 water main breaks per 100km of water main and 33 water main breaks per 100km of water main in 2025-26.

Compared to its interstate counterparts, TasWater's rate of water main breaks is relatively high. TasWater's proposed rate of water main breaks is above the national benchmark for 2020-21 of around 20 main breaks<sup>162</sup>, which suggests TasWater's proposed service levels represent a fairly low performance standard.

TasWater's response to the Regulator's draft decision acknowledged that its rate of water main breaks is high compared to other utilities, but stated that the age and condition of its assets, as well as delays in delivering its renewals program has contributed to these levels. TasWater claimed that it will be difficult to achieve a higher level of performance over the fourth regulatory period and recommended the Regulator adopt TasWater's proposed service levels.

The rate of water main breaks is a key indicator of system condition and service delivery. The Regulator therefore considers TasWater's proposed service levels represent a fairly low level of service. Given the amount of investment proposed for renewals in its capital program, TasWater should strive to improve its performance over the fourth regulatory period, recognising that the proposed investment may take some time to have an effect. The Regulator maintains its draft decision to set higher performance standards of 33 breaks per 100 km of water main for 2022-23, declining by one each year to 30 by 2025-26.

## Water service - responding to bursts and leaks

When bursts and leaks occur in the water distribution and reticulation mains, TasWater's response priority for attending incidents is set according to the severity of the potential impact on customers, water quality, flow rate, property or the environment.

Under the Code, the three priority levels are:

- Priority 1: a burst or leak that causes, or has potential to cause, substantial damage or harm to customers, water quality, flow rate, property or environment.
- Priority 2: a burst or a leak that causes, or has the potential to cause, minor damage or harm to customers, water quality, flow rate, property or environment
- Priority 3: a burst or leak that causes no discernible impact on customers, property or the environment.

Over the third regulatory period, TasWater's service standard was to respond to at least 90 per cent of bursts and leaks:

- within one hour (60 minutes), for Priority 1 events;
- within three hours (180 minutes), for Priority 2 events; and

<sup>162</sup> Bureau of Meteorology, *National performance report 2020-21: urban water utilities*, Part B complete dataset (A8), 30 November 2021

- within three days (3 days), for Priority 3 events.

TasWater proposed the same standards and minimum levels for the fourth regulatory period.

The Regulator maintains the view set out in the Draft Report that TasWater's proposed timeframes for responding to the different priority levels continue to be appropriate and accepts the service standards and targets TasWater has proposed.

### Water service - water supply interruptions

Customers pay for a continuous service so interruptions to water supply must be prevented, or rectified as quickly as possible. Service measures for interruptions currently include the number and average duration of planned and unplanned interruptions and the percentage of interruptions where supply is restored within a specified timeframe.

TasWater has also piloted a repeat unplanned water supply interruption service measure that it proposed to report against during the fourth regulatory period, though no service level is proposed. TasWater proposed to improve its service levels in terms of the incidence of unplanned interruptions, from no more than 170 unplanned interruptions per 1 000 properties in 2022-23 (the same as the current standard), decreasing to no more than 169 per 1 000 properties in 2023-24, 167 in 2024-25 and 165 in 2025-26. The Regulator maintains its draft decision to accept TasWater's proposed standards, after considering TasWater's performance against this measure in recent years and its planned capital program, including expenditure on its operations centre that it expects will improve operational efficiency and incident management.

TasWater proposed retaining the service standard of a duration of 180 minutes or less for unplanned interruptions, but nominated an *average* standard rather than a *minimum* standard for the percentage of interruptions with a duration of less than 180 minutes (3 hours), which was previously set at 80 per cent. TasWater also proposed retaining the minimum service standard for restoring water supply for unplanned interruptions within 5 hours and retaining the standard at 94 per cent until 2025-26, when it is increased to 95 per cent.

The Regulator maintains its draft decision to accept TasWater's proposed service standards for unplanned water interruptions by setting *minimum* standards for interruptions restored within 3 and 5 hours.

TasWater also proposed replacing the current service standards for the frequency and duration of planned interruptions with a standard relating to the percentage of planned interruptions where water supply is restored within the *time nominated* to affected customers. TasWater has proposed minimum percentages of 90 per cent in 2022-23, increasing to 95 per cent in each of 2023-24, 2024-25 and 2025-26.

TasWater has stated that that customers consider having their water service reinstated when TasWater said it would is more important than how long the outage lasts (41 per cent of respondents). The Regulator supports this approach, noting that disruptions are reduced if TasWater restores water supply within notified times, but notes that customers still place value on setting limits for the duration of outages, with many agreeing that this is the best measure of performance (36 per cent of respondents combined).

The Regulator accepts TasWater's proposed new service standard for planned interruptions that are restored within the communicated timespan, noting that it is satisfied that TasWater's systems are able to capture and store details of work orders, as provided in its response to the Regulator's draft decision.

The Regulator considers that if the sole standard for planned interruptions relates to how regularly a water service is restored relative to the period in a notification to customers, this may not provide

sufficient incentive for TasWater to restore service within a reasonable time which is acceptable to customers. Therefore, the Regulator also maintains its draft decision to retain the service standard for planned interruptions that requires a specified percentage of water supply interruptions to be restored within a specified period, and considers that the current service standard remains appropriate (90 per cent of planned interruptions restored within 5 hours).

The Regulator also accepts TasWater's proposal to not include a service standard for the incidence of planned water supply interruptions on the basis that, if maintenance and upgrades have to be done, interrupting supply is unavoidable.

### Sewerage mains breaks and chokes

The number of sewerage mains breaks and chokes per 100km of sewer main is a performance measure used widely in the industry to measure the reliability of infrastructure and also indicates the effectiveness of the utility's maintenance program.

TasWater proposed that this measure be retained for the fourth regulatory period and that the service level is raised by lowering the maximum number of mains breaks and chokes per 100km of sewer main, in line with recent performance results.

TasWater's proposed service standards (40 per 100 km of main up to 2023-24 and declining to 38 by 2025-26) appears to be a fairly low performance standard, particularly considering its recent performance is close to achieving this level. Given TasWater's planned capital expenditure for master planning works has the objective of reducing the rate of sewerage main breaks, it would not be unreasonable to expect TasWater to perform at levels closer to median levels for major water utilities. However, the Regulator notes that customers have not indicated they expect or want to pay for service improvement in regards to sewerage main breaks.

The Regulator notes that TasWater's proposed service standards represent a significant reduction from the maximum number (65) for the third regulatory period. The Regulator maintains its draft decision and accepts TasWater's proposed service standards.

### Sewage spills - to sensitive environments and 'critically notifiable' spills

Sewage spills may occur from mains breaks or chokes or from other failures in the sewerage system. A very small number of sewage spills have the potential to result in major environmental harm.

Considering customer feedback, TasWater proposed setting a new service measure, the *number of critically notifiable (sewage) spills*, as defined under the *EPA Sewage Spill Notification Guidelines*.<sup>163</sup> The guideline establishes three levels of notification to the Director, EPA; not notifiable, notifiable and critically notifiable. Both volume and location (eg sensitive environment, high residential density) are used to calculate whether the hazard is 'critical'.

TasWater's proposed service standard is a maximum of two critically notifiable spills per year in 2022-23 and 2023-24, decreasing to one per year in 2024-25 and 2025-26. TasWater forecasts five critically notifiable sewage spills during 2021-22.

TasWater proposed to spend in excess of \$47 million on sewerage projects over the fourth regulatory period, specifically targeting a reduction in the number of discharges to shellfish and sensitive areas.<sup>164</sup> The targets proposed by TasWater reflect an expected improvement in the current level of

<sup>163</sup> [https://epa.tas.gov.au/Documents/Sewage\\_Spill\\_Notification\\_Guidelines](https://epa.tas.gov.au/Documents/Sewage_Spill_Notification_Guidelines) (pdf).

<sup>164</sup> TasWater's proposed PSP, *Forecast PSP4 capex - major projects*, Table A14.1, pages 360-365.

performance that is in line with its planned expenditure. The Regulator has therefore maintained its decision to accept the service standard and targets that TasWater proposed.

### Sewerage service - responding to and containing spills, breaks and chokes

TasWater currently has two separate service measures for its sewerage service; one in relation to responding quickly to spills, breaks and chokes, and another for containing sewage spills within a reasonable timeframe. TasWater proposed retaining the existing minimum service standard for responding to at least 90 per cent of sewer spills, breaks and chokes within one hour (60 minutes). Noting that TasWater's proposal is consistent with service standards for similar urban water utilities in Victoria the Regulator maintains its draft decision to accept the service standard.<sup>165</sup>

In regard to containing sewage spills, TasWater proposed changing the measure to containing a minimum of 90 per cent of spills within three hours, instead of the current measure of 99 per cent within five hours.

Considering TasWater's recent performance and noting that TasWater has not justified setting a minimum 90 per cent rate for containing spills within three hours, the Regulator maintains the position in its Draft Report and accepts the service standard of containing sewage spills within 3 hours, with the minimum standard set at 99 per cent of all spills.

### Repeat unplanned water and sewerage interruptions

Customers accept that supply interruptions occur from time to time but they also expect TasWater to fix it once with no repeat issues. Repeat unplanned supply interruptions occur when customers experience more than one unplanned interruption at the same premises within a rolling 12 month period.

During the third regulatory period, TasWater carried out a pilot project in Latrobe to record and report repeat service interruptions to better understand the technical requirements of doing so. TasWater proposed to continue the project over coming years aimed at progressively improving its ability to report on repeat interruptions.

For the fourth regulatory period, to report on the number of repeat interruptions for both water and sewerage services, TasWater's proposed measures are the '*number of customers experiencing repeat unplanned water supply interruptions in a financial year*', and the '*number of customers experiencing repeat sewer breaks and chokes that may impact on service*'. No minimum standards are proposed.

The Regulator maintains its initial view that, in principle, there is merit in measuring the extent to which TasWater's customers are subject to repeat interruptions. However, given this measure is only at 'pilot' stage, the Regulator is not in a position to set a service standard for repeat interruptions in the fourth regulatory period and requires TasWater to continue to investigate whether it can measure repeat interruptions (being more than one interruption at a property within any 12 month period).

### Customer service

Service standards that are meaningful and relevant measures of customer satisfaction allow TasWater and the Regulator to monitor the effectiveness of TasWater's customer service and whether it is meeting customers' expectations and Code requirements. TasWater proposed introducing a new service standard *First point resolution percentage for calls* (the percentage of calls resolved upon first

<sup>165</sup> ESC Victoria, approved service standards: *Customer service code - Urban water businesses*, June 2020.

contact) that would replace the existing call centre service standard, though TasWater will continue to report on the latter under national reporting requirements.

For this new standard, TasWater proposed a 90 per cent minimum service standard for each year of the fourth regulatory period. That is, a minimum of 90 per cent of calls are resolved upon first contact. After receiving further detail on TasWater's call processes, the Regulator has decided to accept the service measure and target levels as proposed.

TasWater also proposed introducing a customer satisfaction score that covers phone service, face-to-face contact and other methods of communication with customers. The proposed service levels over the four years of the regulatory period are a customer satisfaction score of 70, 72, 74 and 75 per cent respectively.

While measuring customer satisfaction is seen as best practice, it cannot be practically measured in a consistent and nationally-comparable way for all utilities. It also appears that TasWater's approach to measuring customer satisfaction differs from that of its interstate counterparts, so is limited in its ability to make comparisons and drive improvements based on those comparisons.

However, the Regulator maintains the view from its Draft Report that TasWater's customer satisfaction score service standard and levels appears to reflect the feedback received from customers regarding what they consider to be acceptable measures of customer service. TasWater's submission to the Regulator's Draft Report provides details of TasWater's processes. The Regulator is satisfied that these processes will provide reasonably robust data against which to assess customer satisfaction. The Regulator therefore accepts the service standard and targets submitted by TasWater for customer satisfaction.

### Complaints

Reporting the number of complaints relative to the number of properties connected to TasWater's infrastructure provides an insight into the extent to which customers are dissatisfied with TasWater's performance.

TasWater proposed setting two service standards for complaints; one for water-related complaints and one for sewerage-related complaints. Provided that the definition of a complaint and the complaint categories used for reporting these measures are consistent with the national performance framework, the Regulator's draft decision was to accept TasWater's proposed service standards.

Having confirmed that the definition and categories of complaint align with the national performance framework, the Regulator maintains its draft decision to set a higher standard of performance for water-related complaints of 6.0 complaints per 1 000 properties and accepts TasWater's proposed standard for sewerage-related complaints of 1.3, 1.1, 1.0 and 1.0 per 1 000 properties respectively over the four year regulatory period.

### Deleted or replaced standards

As discussed above, TasWater proposed to remove four current service standards. These are:

- Incidence of planned interruptions water (number per 1 000 properties).
- Total water and sewerage complaints (number per 1 000 properties).
- Water and sewerage complaints to the Ombudsman (number per 1 000 properties).
- Percentage of calls answered by an operator within 30 seconds.

Three of the four service standards proposed for removal are performance metrics reported by TasWater as part of the National Performance Reporting framework and will therefore continue to be reported by TasWater whether or not they are included in the Customer Service Code. For complaints to the Ombudsman, the Regulator will continue to review the reported number of complaints that are partially or fully upheld.

### Water restrictions

Water restrictions and water saving rules are a common occurrence across Australia, particularly during summer when water resources may become constrained. However, recently the reasons for the imposition of water restrictions by TasWater in parts of Tasmania has been due to factors other than supply; too much water entering the system due to heavy rainfall has resulted in restrictions due to poor infrastructure and maintenance.

While TasWater has proposed significant capital works to its major drinking water supply plant at Bryn Estyn (\$86.8 million over the fourth regulatory period in addition to the \$211.1 million expected to be spent up to 30 June 2022)<sup>166</sup>, the Regulator intends to monitor the impact of water restrictions on customer service, particularly where restrictions are imposed partly or wholly due to the condition of TasWater's water infrastructure.

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<sup>166</sup> CCGUS' Draft Report, page 112.