

Yarra Valley Water  
Price Submission Review  
Jury Report

2017

# Introduction

The citizens jury has come together for 40 hours over a three month period. The jurors of diverse backgrounds were representative of the YVW customer base. We considered information that was presented by YVW, external speakers and data specifically requested by the jury. The information was distilled into the recommendations presented below.

# Fair for Everyone Criteria

We were asked to consider the demographics of the YVW community.

We brought to the jury our own circumstances and were asked to consider others and their differing circumstances.

We were asked to consider what issues might be addressed to create the definition of fairness for the representative demographics.

We were supported through a series of guest speakers to further add content to our understanding for considerations of fairness.

Utilising the process of fairness, the group applied the rule of 80% support as acceptance of a recommendation.

The list below was used as the defining parameters of fairness for the recommendations as to whether their application was worth carrying to YVW.

Criteria Heading	Criteria Description - What this means we look for
Equitable consideration for all customers	<p>A price that is acceptable to the majority of citizens jury as a representation of YVW customers.</p> <p>Minimising the impact on customers to which the price might be considered adversely unfair.</p> <p>Support those customers that might be disadvantaged by those pricing decisions.</p>
Understanding others and considering alternatives	<p>When we make a recommendation, we think about alternative points of view and different needs and expectations of diverse groups of people within the community. We also think about how the decision could impact people in different ways. We should consider the impact on individuals, local communities and society as whole.</p> <p>Free from individual and organisational bias.</p> <p>Capture and document these considerations and the rationale compared to these dimensions.</p>
Visibility	The process/framework are visible, transparent and documented.
Rationale	The rationale behind decisions are documented.
Information Availability	This information is made available to YVW Customers

Price & Payment Structure	<p>A system that is affordable and accessible to all, supported by mechanisms that recognize different circumstances require different structures.</p> <p>Minimising the impact on vulnerable customers to which the price might be considered unfair.</p>
Payment options	The provision of multiple varied options in aspect of payment types payment durations
Providing customer choice	<p>Providing each customer a choice to suit their needs.</p> <p>For example:</p> <ol style="list-style-type: none"> <li>1. Means by which customer could reduce water consumption (low flow shower heads)</li> <li>2. Access to recycled water</li> <li>3. Ability to come off the network (ie. use their own water tank only)</li> <li>4. Payment option - level monthly payments</li> <li>5. Ability to use a septic tank rather than mains sewer (modern version which doesn't affect environment)</li> </ol>
Pricing transparency	<p>Is the price based on the real costs?</p> <p>Can the price be broken down into its various components?</p>
Re-investment of Revenue	Profits received for "water service" need to be re-invested (with accountability) to ensure the system of water delivery is sustainable for the foreseeable future.
Consistency of Service	Same standard of service should be available to every customer with the same service area.

# Jury Recommendations

Over a period of five days of eight hours, spread over three months, twenty-nine people (initially thirty-five) deliberated on behalf of the 2.1million customers of Yarra Valley Water over what is a balance between price and services that is 'fair for everyone'.

We used various methods to discern our personalities and biases over the concept. We started in small groups which then combined to make bigger groups and began to define what 'fair for everyone was'.

Once we had our 'fair for everyone' criteria defined, we would then use it to test our recommendations. The guidelines that were imposed is that unanimous outcome (100%) was the goal but in case of deadlock a consensus of 80% was an acceptable outcome.

Of twenty-one recommendations these were whittled down to ten with three minority reports and these are what you'll find below.

# Idea/Recommendation 1

<p><b>Idea/Recommendation:</b> Targeted Research &amp; Development to reduce maintenance costs, self repair infrastructure and prevent leakage to secure future water supply.</p>
<p><b>Objective this relates to:</b> Re-investment of revenue in R&amp;D to ensure sufficient water supplies for the future, whilst reducing short and long-term costs and delivering services with minimal interruption.</p>
<p><b>How will this achieve your 'fair for everyone' criteria:</b> Ensures investment is protected and maintained to expand its useful life. Supports multi-generational asset utilisation for adequate water service supply. Spending the money now, to ensure a sustainable water resource tomorrow.</p>
<p><b>Suggested changes to the service level: More/Less/Same</b> We recommend maintaining existing service levels, however, if Yarra Valley Water consider that inadequate, then we in agreement support a possible increase to R&amp;D spend to supplement any shortfalls.</p> <p>Make sure there is, however, a minimum benchmark to direct funds to meet the needs for future supply and new asset innovations.</p> <p>We recommend that YVW make the process transparent and potentially under a Creative Commons licencing (for RD on innovation) to potentially drive community innovations.</p>
<p><b>Rationale or Reasoning:</b> Finding innovations to build a cheaper network, more efficiently and cost effectively.</p> <p>More efficient means of getting recycled water from the source (treatment plant - catchment wide or localised) to the user at lower costs and lower overheads relating to maintenance and assets.</p> <p>Research initiatives needs to keep pace with climate change impacts and population growth to ensure efficient and uninterrupted water supply.</p>

## Idea/Recommendation 2

<p><b>Idea/Recommendation:</b> Preventative Maintenance to reduce Network Water Loss</p>
<p><b>Objective this relates to:</b></p> <ul style="list-style-type: none"><li>● Minimising inconvenience caused by interruptions to water and sewerage services.</li><li>● Charging customers fairly (by reducing the cost of water loss).</li><li>● Guaranteed Service Levels.</li></ul>
<p><b>How will this achieve your 'fair for everyone' criteria:</b> Spending money in the short term to prevent water wastage, pre-emptive replacement of infrastructure, and enabling use of recycled water, green measures</p> <p>This ensures a robust network that should require little on-going maintenance.</p>
<p><b>Suggested changes to the service level: More/Less/Same</b> We recommend an increase to service levels. More active detection programs &amp; preventative fixes of problems to infrastructure supply.</p>
<p><b>Rationale or Reasoning:</b> Proactive maintenance before being forced into reactive, high cost resolutions.</p> <p>Ensuring the technology and preventative maintenance are deployed to;</p> <ul style="list-style-type: none"><li>● Detect leaks</li><li>● Prevent over use</li><li>● Optimise current operational cost</li></ul>

## Idea/Recommendation 3

**Idea/Recommendation:**

Access to two sources of water of different qualities;

1. High quality water used for drinking
2. Lower quality water used for toilet flushing, washing clothes, gardening etc

**Objective this relates to:**

1. Delivering high quality safe, clean drinking water
2. Reduce the amount of water being taken from our water catchments
3. Establishing the path for future development for water re-use as a priority in structural planning

**How will this achieve your 'fair for everyone' criteria:**

When customers have both high quality water for consumption, and lower quality water for everything else this allows for:

- multiple usage of water, rather than currently being used once
- Less water being taken from the dams/ reservoirs for non drinking purposes.
- Preservation of water resources for long term benefit
- Preservation of highest quality water for health / drinking purposes

Have a cost effective plan to introduce an alternate water source for different water qualities to existing, urbanised neighbourhoods. A structured long term phased approach for investment burden shared by developers, consumers, YVW.

A greater burden in the short term by those that will directly benefit from access to recycled water.

**Suggested changes to the service level: More/Less/Same**

Continue investment into new development / homes for recycled water facilities. YVW would need to look at how to get recycled water to the existing houses.

Synchronise implementation with the ongoing maintenance of the growing system / network.

Maintain current practices for new developments.

**Rationale or Reasoning:**

Preserving and safeguarding our precious water as a finite resource acknowledge responsibility towards future generations and our critical dependence on water.

YVW should work towards a future objective of the majority of customers have access to alternative qualities of water.



## Idea/Recommendation 4

<p><b>Idea/Recommendation:</b> Further enhance welfare education and services to support vulnerable (concession, pensioners, hardship) customers. By increasing the education and support, more people will be aware of the options available to them so that they can pay their bills.</p> <p>The more people that are able to pay their bills, means less money spent on cost recovery activities. Educating customers on the options available will also reduce the level of bad debt that is written off and therefore never collected.</p>
<p><b>Objective this relates to:</b> Charging customers fairly</p>
<p><b>How will this achieve your 'fair for everyone' criteria:</b> Reducing the number of people who struggle or cannot afford to pay their bill. This means less money spent on debt recovery and debt services.</p>
<p><b>Suggested changes to the service level: More/Less/Same</b> Partnering with other welfare agencies (centrelink, DHHS, child care facilities, Electricity etc) to actively promote awareness of support for vulnerable customers.</p>
<p><b>Rationale or Reasoning:</b> With more people able to pay their bills, will result in increased revenue and the ability for YVW to invest back into the business.</p>

## Idea/Recommendation 5

<p><b>Idea/Recommendation:</b> Installation of Digital Meters for all customers (when technologically available and when cost increase to be capped at \$12.50/year) to help change user behaviour and protect our natural resource.</p>
<p><b>Objective this relates to:</b> Fair for all customers -</p> <ul style="list-style-type: none"><li>• Assist customers with real time information to avoid higher bills so they can</li></ul>

become aware of their usage behavior

- Helps YVW assist and alert customers when they have a leak in the house
- Helps YVW identify leakages in the network, which will protect our valuable resource and save costs.
- Helps YVW forecast usage and possibly implement peak and off-peak pricing to reduce network stress

**How will this achieve your 'fair for everyone' criteria:**

Payment Options - mechanism which allows pay-as-you-go. Co-Share costs.

Equitable Consideration - Minimise impact on vulnerable customers by giving 'high bill notification'

YVW should not aim for this opportunity to be cost neutral. Example saving from reduction of rebates could be used.

**Suggested changes to the service level: More/Less/Same**

We want Yarra Valley Water to look at investment for updating existing meter systems, when economically and technologically feasible.

All new developments (greenfield and redevelopments) to have Digital Meters installed, cost to be charged to developer.

**Rationale or Reasoning:**

Will help customers see how much they've used as they go - gives control to the customers

Provides 'High Bill Notification' similar to mobile phones

Notifies customers of a leak

- Immediate response rather than seeing impact on next bill
- reduces wasted water and reduces customer bills

Provides each household an ability to check their daily water use per person

From YVW Input - it will cost \$100(supply/install) of each digital meter for water.  
it will cost \$1000(supply/install) of each digital meter for sewerage. The business case for water digital meter stacks up.

## Idea/Recommendation 6

<b>Idea/Recommendation:</b> Price discount incentive for electronic bills and direct debit
<b>Objective this relates to:</b> <ul style="list-style-type: none"><li>- Invoicing and payment programs that recognize different customer needs</li><li>- Customer flexibility and choice in the way they receive their bills and make payment of the bill</li><li>- Customer has the ability / choice to access a lower net cost on their bill</li><li>- Lower cost for invoicing administration for YVW leading to lower costs of water supply for everyone</li><li>- Environmentally friendly methods to receive your bill / minimising carbon emissions</li></ul>
<b>How will this achieve your 'fair for everyone' criteria:</b> <ul style="list-style-type: none"><li>- Customer to be made aware of invoicing &amp; payment options available with the ability choose</li><li>- Customers are made aware of the risks and benefits of each option</li><li>- Supported by mechanisms that recognise different circumstances that require different structures</li><li>- Direct debit has the potential to help Yarra Valley Water retain more revenue because of bills being paid on time. Money that would normally be spent on debt collecting can be used assisting people in hardship and be put into more futuristic environmental endeavours</li></ul>
<b>Suggested changes to the service level: More/Less/Same</b> <ul style="list-style-type: none"><li>- More (optional) direct debit</li><li>- Less paper bills</li><li>- Payment options to include charging a respective fee if the customer chooses a paper option</li></ul>
<b>Rationale or Reasoning:</b> <ul style="list-style-type: none"><li>- Customer flexibility</li><li>- Lower cost of YVW administration</li><li>- Environmental impact (as it has been well established) that having paper bills has as opposed to electronic bills</li><li>- There could be a propensity of more human error when it comes to the paper/postal method than the electronic method. Most bills are auto generated</li></ul>

## Idea/Recommendation 7

<p><b>Idea/Recommendation:</b> Reduce average water use per person by rewarding people for wise water use.</p>
<p><b>Objective this relates to:</b> Using water sensibly. Protecting future water supply.</p>
<p><b>How will this achieve your 'fair for everyone' criteria:</b> Gives people the freedom to forge their own water use patterns. Provides customer choice Pricing information readily available and transparent. Consistent and focused target, reducing use by all. Efficient use of water equates to less water use and less pressure on infrastructure. This should lower costs for YVW and their customers.</p>
<p><b>Suggested changes to the service level: More/Less/Same</b> More education which can be achieved partly through Recommendation 10 - Increase education and awareness More availability and distribution of recycled water Encourage more water tanks to reduce use of supplied, metered water (potable water). i.e. cost saving opportunity for using your own water. More technology would help achieve this aim (ie digital meters) Encourage water saving measures by increasing the difference in the price of the step tariffs to encourage greater adoption of wise water use. Price signals could be used to do this with covenants for impact on large families More support for those unable to reduce their usage due to circumstances (ie can't afford water tanks etc)</p>
<p><b>Rationale or Reasoning:</b> Current average is 165L/per head/per day, not sustainable with expected population growth. YVW are projecting a use of 127L/per head/per day by 2030 which is to be encouraged. Many have expressed lack of knowledge regarding rebates/waterwise shower etc., therefore encourage better education and advertising of available services. Better technology and communication will give customers a better understanding of their water usage patterns.</p>

## Idea/Recommendation 8

<p><b>Idea/Recommendation:</b> To delete rebates paid to Customers for short term disruption of water supply (4 hours). Rebates of \$100 to be paid for long term disruptions (<i>more than 12 hours</i>) Repeat failures (<i>more than twice in one year</i>) should be compensated. (Rebate amount not specified and water /sewage not specified). Continue rebates of \$1000 for sewage spills.</p>
<p><b>Objective this relates to:</b> Fair for all customers: Objective 5 Guaranteed service levels</p>
<p><b>How will this achieve your 'fair for everyone' criteria:</b> One plan for all customers, equitable treatment. Provides a consistent service delivery. Provide a choice option for longer disruptions.</p>
<p><b>Suggested changes to the service level: More/Less/Same</b> No rebates for one-off supply disruptions. Rebates for frequent disruptions (<i>more than twice in one year</i>). Keep rebates for sewage spills.</p>
<p><b>Rationale or Reasoning:</b> People can cope for a short period without water, no need to compensate with money.</p>

## Idea/Recommendation 9

<p><b>Idea/Recommendation:</b> Investigate and pursue community based solutions for localised needs</p>
<p><b>Objective this relates to:</b> Protecting Environment &amp; Community Care and protection of the environment Objective 2 - ensuring waterways are protected</p>

Objective 3 - providing modern wastewater systems (community sewerage)  
Objective 4 - using water sensibly and ensuring sufficient water supplies for the future

**How will this achieve your 'fair for everyone' criteria:**

By supporting public events and schools within different communities, you're educating people about respecting how they use water and not to take this for granted.

Reduces the amount of water going into stormwater drains, and the subsequent stress placed on creeks and water ecosystems.

Ensures the amount of water consumed from the dams is viable and sustainable

Allows communities to be at the forefront of water usage, consumption and addressing local community based issues

Enabling communities to become self sufficient and a smart city means less costs to transport water, treat waste and consume recyclables

By creating local community services will mean sustainable water supplies intergenerationally

**Suggested changes to the service level: More/Less/Same**

**Rationale or Reasoning:**

Decentralising water sources and systems and achieving local community engagement.

## Idea/Recommendation 10

**Idea/Recommendation:**

Increase education and awareness

**Objective this relates to:**

Bill payment education: ie - Assist customers to avoid paying higher bills than they have to by giving them means to better understand the bill. Provide clear and concise instructions. Ensuring that they know that there is assistance for them.

Educate customers in everyday water saving techniques and strategies to reduce water consumption.

Educate them about the techniques used by YVW to care and protect the

environment. ie waterways, (and the importance of these activities for society.)

Inform customers of the importance of using water sensibly and thus helping ensure sufficient water supplies for the future.

Educate vulnerable customers about support systems that are in place to help them pay their bills.

Have YVW provide clear information on what their plans and strategies for the future ie, investment decisions, future and planned technologies and solutions.

**How will this achieve your 'fair for everyone' criteria:**

By understanding the bill, how water is produced and the costs of producing water people are better educated in the justification of the price.

Most customers aren't aware of support available to them when in financial difficulty.

Need to increase the education and awareness across all topics, as this will have a long lasting reduction in cost to serve.

Education allows for everyone to have access to reducing the cost of water supplies and consumption, as well as supporting vulnerable customers.

If a customer is better educated the overall process benefits, because it starts and ends with a customer. For example, if a customer is aware of all support available when in financial stress they are less likely to not pay their bill. Another example is if a customer is educated on how to reduce water consumption, which in turn reduces their bill, they're more likely to do it.

**Suggested changes to the service level: More/Less/Same**

Better explain the components that make up the bill - the breakdown of the actual cost and where the component goes. This will provide clarification and justification for fixed bill costs.

Provide centrelink, pensioners card, DHHS, welfare agencies etc with information/ services available to customers in financial stress. Place notifications on bill/ online/ statement inserts about support services.

Based on customer billing analysis (patterns and customers data) YVW would be able to future predict who might be in trouble. YVW could contact a customer to ask if they need support, and or provide targeted mail offering support service.

Provide education and awareness of what YVW is looking to implement in the future and the rationale behind the decision.

**Rationale or Reasoning:**

By being exposed to the story behind water on the citizens jury, has opened our eyes to how much the average water user doesn't know, and could greatly benefit from the education.

# Minority Reports

No. 1

<b>Heading: YVW to increase investment in the health of waterways and other environmental projects</b>
<b>Rationale: (A few sentences).</b> The original recommendation (an additional \$2 - \$8 charge to the bill annually) was not accepted due to a portion of the group believing that it was not part of YVW's core business and it was a non negotiable regressive cost to the consumer.  As a minority, we still believe this is important and should be mentioned because it protects YVW's primary resource. It also heightens YVW's image by increasing their involvement with the community, good public relations exercise  We would like this report to emphasise local funding for local projects that benefit the whole of the community  We think the concerns around the charge being regressive could be mitigated by concession card holders being exempt

No. 2

<b>Heading: To reduce the fix component of the bill and increase the variable or usage component</b>
<b>Rationale: (A few sentences).</b> A minority (less than 80%) of the group supported this recommendation. We felt this was important because it would:



- Give people more control over their bill (by being able to vary their usage)
- Discourage excess water usage
- Be more fair for smaller households

We think that this recommendation was not supported due to the potential negative impacts on larger households. We think it should therefore be considered with additional safeguards for these families.

No. 3

**Heading: More equitable prices between business and residential customers**

**Rationale: (A few sentences).**

A minority group of the jury (< 80%) thought that there needed to be a greater equity between the revenue received from business and residential customer segments and that this should reflect the amount of water consumed by these segments.

Currently non-residential customers consume 21% of billed water and contribute only 17% of the revenue. To 'reduce the gap' between residential and non-residential charges, we recommend that a gradual adjustment to rates be made until revenue parity is achieved.

This is an important recommendation as the value of water as a scarce resource would be more recognised by Business users and priced accordingly.

The original idea was endorsed by over 75% of the jury, however, after much deliberation, nothing could be done to improve the idea to achieve the consensus mark. The main point of contention was concern around impact to businesses, particular if it would force businesses to close or move. We believe the gradual approach documented above would alleviate these impacts.