

Our Water, Our Voice Customer Engagement

Phase 5 of Sydney Water's Our Water, Our Voice customer engagement program took place over four weekends across November–December 2023 with a customer panel of about 60 customers. The panel members gathered for an in-depth series of discussions about what Sydney Water services would look like over the next five years, and how much they might cost.

We started a six-phase customer engagement program in July 2022, with our customers, community, and stakeholders called Our Water, Our Voice. This research will help inform our long-term strategy, as well as our pricing proposal to the Independent Pricing and Regulatory Tribunal (IPART) which we'll submit in September 2024. Our Water, Our Voice is also contributing to our ongoing customer engagement strategy and is helping us chart this new customer-led course.

What is a price review?

SYDNEY WATER

A price review is part of Sydney Water's cyclical regulatory requirement to IPART. Every five years we develop a price proposal for submission that reflects the efficient cost of providing our services. The priorities and expectations of our customers and community are at the foundation of our price proposal through customer engagement.

IPART

IPART sets the framework for the price review and makes a pricing determination every five years for the maximum price for drinking water and wastewater services that Sydney Water provides. IPART's final decision reflects the efficient cost of providing our services with the priorities and expectations of our customers and community at the foundation.

CUSTOMERS AND COMMUNITY

As end users of our services – including drinking water, wastewater, and stormwater – our customers and the community engage with us to ensure their priorities and expectations are reflected in the price proposal. This means we're all on the same page.

What was Phase 5 about?

In Phase 5, the aim was to provide participants with a deep understanding of the competing priorities that will affect Sydney Water's plans and investments. Participants, during this phase, faced the important task of critically analysing the information provided to make decisions, and looped back to us the reasons for their decisions. To this end, we engaged customers across four weekends in a single customer panel.

Over phases 1 to 4, we explored the types of services that customers want and need; Phase 5 concentrated more on why and how customers determine priorities once they understand their impacts and the trade-offs. Fundamentally, Phase 5 was about arriving at customer decisions about what Sydney Water should concentrate on in the next five years while considering cost and affordability.

Research objectives for Phase 5

Phase 5 had four key objectives. We wanted to:

- work directly with customers to ensure that their concerns and aspirations are consistently understood and considered.
- engage with customers to identify their preferred options and solutions to the challenges and decisions Sydney Water is facing.
- reach decisions about what Sydney Water should consider or prioritise during decision-making over the next five years.
- obtain a degree of consensus around the overall bill impact that could be acceptable to customers in exchange for specific services from Sydney Water.

Phase 5, what we did

The focus for this phase was unlike previous phases. So, the way we approached the customer engagement was also different. We engaged the same group of people across all four weekends in a single customer panel.

The four-day sessions were divided like this:

DAY 1 LEARNING

We educated participating customers about how we operate, and explained the kind of research materials they would be shown and provided with, in order to understand them. These tools included the L-Scale and Decision Triangle (see pictured). This was done to help participating customers make informed decisions and give their recommendations.

DAY 2 UNDERSTANDING

Participating customers were provided with information on key focus areas for Sydney Water (as well as the challenges we face with a growing Greater Sydney and climate change).

DAY 3 & 4 SHARING AND RECOMMENDATIONS

Participating customers were asked these questions: what are the most important spending priorities and trade-offs (identified on days 1 and 2) when making decisions about Sydney Water's future investment?

Participating customers were then asked to provide recommendations on the risks of spending, or not spending, on the key customer priorities.

On the final day, participants were asked to reach consensus using the L-Scale (see pictured).

The L-Scale

Given the complexity of the issues discussed, it was recognised that absolute consensus would be difficult to achieve. Participating customers agreed to use the L-Scale to help them reach some conclusions about the issues discussed. The L-Scale divides participants into four groups on any given issue:

 Those who **Loathe It**

 Those who can **Live with It**

 Those who **Like It**

 Those who **Love It**

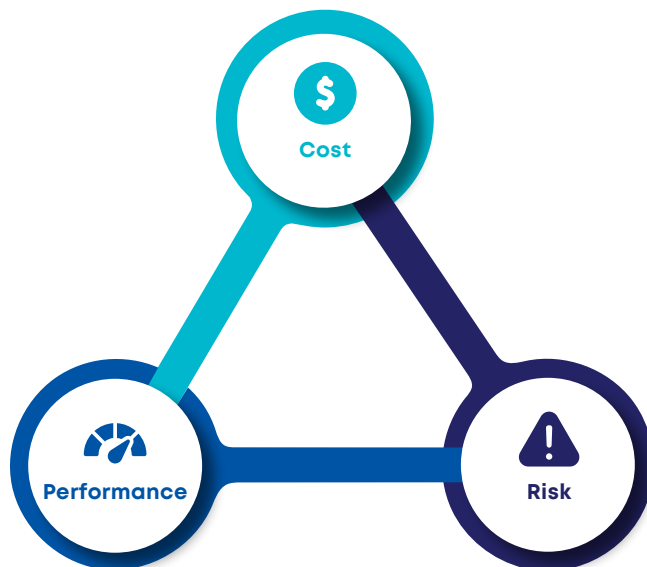
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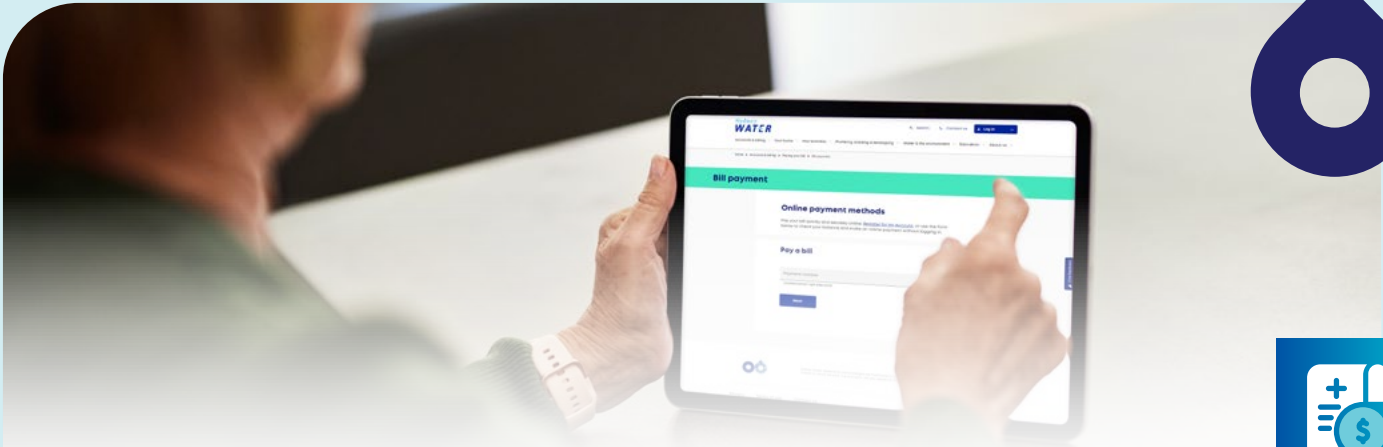
Consensus was agreed with participating customers as having no more than 20% of participating customers loathe an option and at least 80% of participants accept it (ie. live with it, like it, or love it).

The Decision Triangle

Throughout the customer panel, participants were asked to think about the things that Sydney Water needs to trade off when deciding how to spend the revenue raised from customer bills. This was to help participating customers make recommendations to Sydney Water about what our focus areas need to be.

The Decision Triangle has three considerations which include cost, performance and risk. Participating customers were encouraged to think about the ideal balance of these three things for each of the options presented to them.





Customer bill increase

Participating customers were told Sydney Water has been working to keep costs low over the last 20 years. Through increased water efficiency, we were able to delay the need to build new infrastructure, but now our systems are at or near capacity. To maintain services at current levels, over the next five years, there will be an increase in customer bills. We tested two key focus

areas with participants that have potential to change customer costs: water supply security and preventing pollution. These issues are not only high priorities for customers but have potential for significant impacts on customer bills. They also link back to our 15 customer led priorities from Phase 1, which we have used to formulate three customer outcomes (see page 5).

Preventing pollution

Participating customers were asked to use the L-Scale and Decision Triangle research tools to reach consensus on how Sydney Water should prevent pollution over the next five years.

A medium cost, medium performance, medium risk option was the most accepted of the four presented. In practice this would mean Sydney Water will improve its treatment plants and reduce the number of wet weather overflows. In addition, more than 85% of monitored swim sites would be rated good or very good by Beachwatch, with no major changes to urban waterways in the short term.

Most participants valued preventing pollution problems from occurring, over responding to them as they arise.

Participating customers were presented with a range of options on this issue, including:

- 1 Performance options ranging from high (reduced overflows and environmental incidents) to low (increased overflows and environmental incidents)
- 2 Risk options ranging from high (some swim sites are not safe for swimming after periods of rainfall) to low (swimming is safe at most sites even after moderate to heavy rainfall)

L-Scale consensus: preventing pollution

	Option A	Option B	Option C	Option D
Cost	Medium	Medium	Low-Medium	Low
Performance	Medium	Medium	Medium	Low
Risk	Medium	Low	Medium	High
	20% Loathe 80% Accept	28% Loathe 72% Accept	22% Loathe 78% Accept	33% Loathe 67% Accept



Water supply security

For purposes of this exercise, water supply security means ensuring Sydney Water can continue to provide Greater Sydney with world-class drinking water into the future just as it has for more than 100 years.

Participating customers were asked to use the L-Scale and the Decision Triangle to reach consensus on how Sydney Water should approach water supply security over the next five years. Performance was locked as medium on the Decision Triangle, so that participants were only trading off risk versus cost.

Both options C and D were acceptable to participating customers, with strong support for Sydney Water to invest in more water supply. However, Option C was most acceptable, with participating customers preferring to maintain existing levels of water conservation. The participants felt that Sydney Water should do more to educate the community on water conservation. They also suggested a focus on ongoing improvement, and that prevention was better than responding to problems reactively.

Participating customers were provided with background information on this issue, including:

- 1 Greater Sydney is growing and our total drinking water demand exceeds the amount of water Sydney Water can draw long-term from dams and the Sydney Desalination Plant.
- 2 This means Greater Sydney is vulnerable to drought and we are likely to need water restrictions for longer when it happens.
- 3 With climate change, the amount of water Sydney Water can draw from dams will continue to decrease over time.

L-Scale consensus: water supply security

	Option A	Option B	Option C	Option D
Water supply actions	Action 1 – No new water supply	Action 1 – No new water supply	Action 2 – Build new water supply	Action 2 – Build new water supply
Water conservation actions	Action 3 – Current water conservation	Action 4 – Extra water conservation	Action 3 – Current water conservation	Action 4 – Extra water conservation
Risk outcome	High	Medium High	Medium Low	Low
L-scale result	64% Loathe 36% Accept	53% Loathe 47% Accept	14% Loathe 86% Accept	17% Loathe 83% Accept

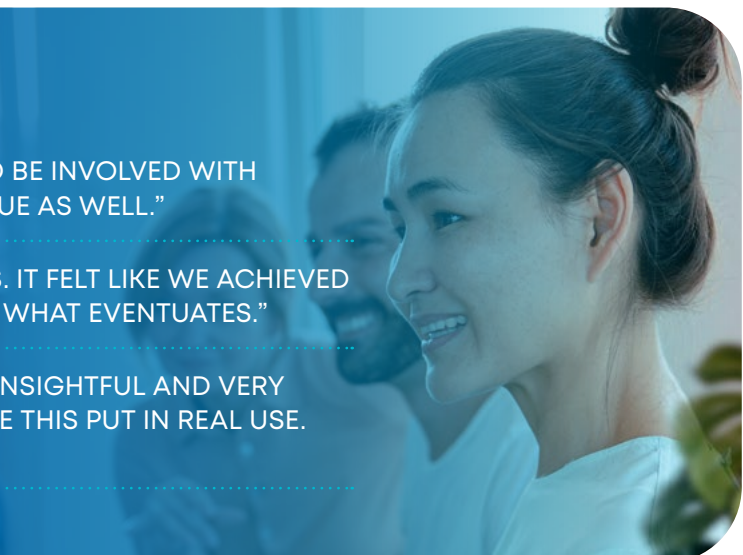
WHAT YOU SAID

“REALLY GOOD 4 DAYS. WOULD LIKE TO BE INVOLVED WITH PHASE 6 IF THAT HAPPENS. GOOD VENUE AS WELL.”

“DAY 4 WAS THE BEST OF ALL SESSIONS. IT FELT LIKE WE ACHIEVED A LOT. LOOKING FORWARD TO SEEING WHAT EVENTUATES.”

“ALL OF THE DISCUSSIONS HAVE BEEN INSIGHTFUL AND VERY USEFUL. IT WILL BE INTERESTING TO SEE THIS PUT IN REAL USE. THANK YOU FOR THE OPPORTUNITY.”

– Participants of customer panel in Phase 5



Responding to customer priorities

The 15 customer-set priorities developed in Phase 1 have been the guiding light for Our Water, Our Voice since the beginning.

In responding to what we've heard from you, we have grouped the 15 priorities into three customer outcomes that Sydney Water will pursue to meet our customers' needs:

Customer experience



- 2 Ensuring bills remain affordable via cost management, payment plans and avoiding future cost spikes
- 10 Minimising the impact of outages both planned and unplanned
- 12 Maintaining a standard of customer service that meets or exceeds your expectations
- 15 Ensuring better informed customers through improved/ modern communications to assist and manage water use

Water quality and reliability



- 1 Maintaining clean and safe drinking water
- 4 Building infrastructure for water recycling and/ or desalination for drought resilience
- 5 Minimising leaks and breaks in the network to reduce water loss
- 6 Community-based water saving programs for increasing water savings, reducing water usage
- 9 Reducing the chances of your drinking water occasionally smelling or tasting different
- 14 Reducing the frequency and duration of severe water restrictions

Environmental protection



- 3 Maintaining clean, safe waterways and water recreation areas by reducing pollution
- 7 Improving natural waterways and habitats to protect the environment
- 8 Improving stormwater management, storage and capture to reduce water loss to the ocean
- 11 Contributing to a cooler environment and more pleasant green public spaces through trees and vegetation
- 13 Reducing net carbon emissions to zero by 2050 or sooner via energy efficient operations and renewable energy

Help is available

Considering a bill increase being discussed, customers were concerned about the impact on people who are financially vulnerable. Sydney Water can provide help and support to people in several ways:

- ✓ Extensions and payment plans
- ✓ Deductions from Centrelink payments
- ✓ Free essential plumbing
- ✓ Discounts for pensioners
- ✓ Longer-term support
- ✓ Emergency support
- ✓ Support if there's violence at home

You can find out more at [our website](#) or connect here for more [help and support](#).



Next steps

The customer insights we heard in Phase 5 will shape the direction of Sydney Water's price proposal to our regulator (IPART) and help achieve the outcomes that you most value from Sydney Water, now and into the future.

These expectations will be further explored and refined in the remaining phase of the Our Water, Our Voice engagement program.

In Phase 6, we will explore how customers are charged and how Sydney Water is held accountable for delivering its services to customers.

Sydney Water thanks the participants of Phase 5. It's been great. If you wish to stay informed, register to get involved in upcoming engagement activities. Visit: www.sydneywater.com.au/our-water-our-voice