



Yarra Valley Water | a fresh approach



Yarra Valley Water's Experience with Development & Use of Sustainability Indicators

SWITCH Tel Aviv Workshop
December 2006

The Business Case for Sustainability



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- ◆ Ensure current pricing provides enough revenue to fund required changes
- ◆ Consumer expectations or how organisations operate – must reflect community values
- ◆ A framework for Consumer and stakeholder engagement
- ◆ Reputational Risk – Being transparent to defuse adversarial external scrutiny. TBL reporting helps with this and increases community trust
- ◆ Corporate Governance
 - Insurance risk
 - Lower investment risk
- ◆ Attracting and retaining good people
- ◆ Improved relationship with regulators
- ◆ Improved competitive advantage

YVW's Response



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- We had to admit the “truth”
 - Our current operations are imperfect
 - Existing solutions inadequate to deal with new problems
 - The long term solutions are complex
 - Include the interaction of social-environmental-economic issues.
 - We admitted we didn't have all the answers
 - Provides an invitation to stakeholders
 - We began to realise we needed to engage much more effectively with third parties (stakeholders)
 - To be successful we needed to have a balanced holistic strategy



Strategic Intent

“Water is Life”

Yarra Valley Water exists to provide water and sewerage services that contribute to the health and well being of its Customers and the Environment

In this regard

We will lead the global water industry in serving the Customer
and the Environment

Supported by

Our high performing business culture

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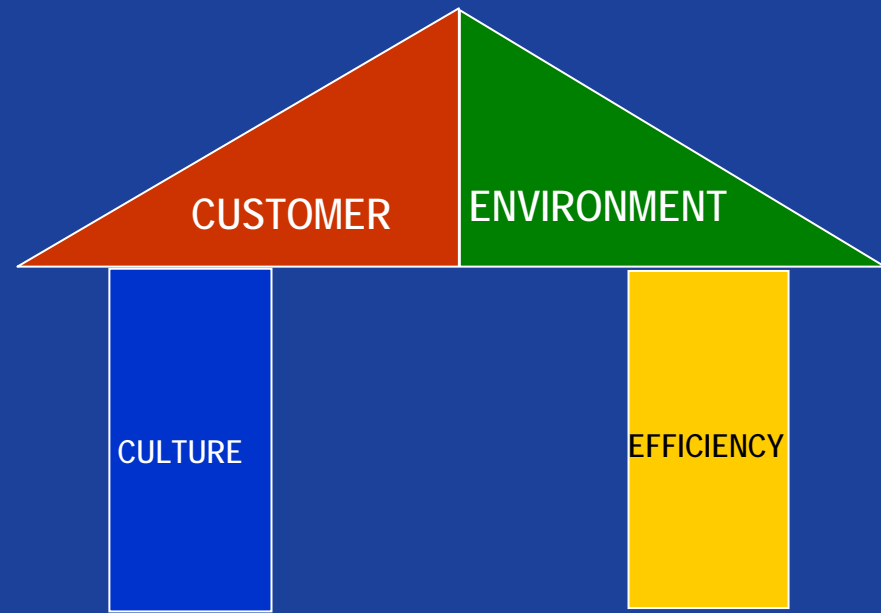
Continuously Improving our Efficiency

Our Strategic Intent



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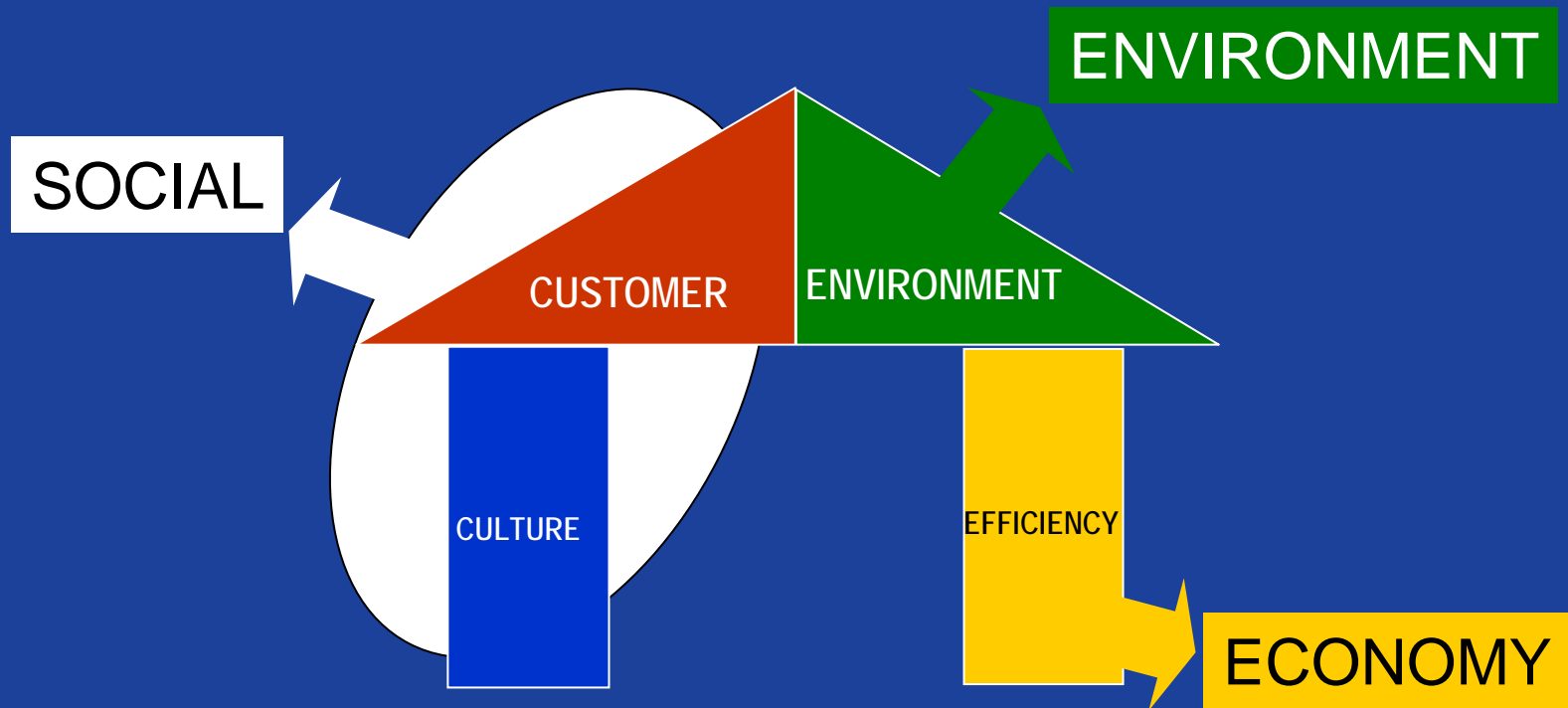
Symbolic Icon



Our Strategic Intent



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Examples of Current Indicators

Customer Satisfaction

91% of customers rating YVW's performance as good or better.



Water Consumption

Maintained 21% reduction in domestic water use.



Greenhouse Gas Emissions

22% reduction in greenhouse gas emissions from previous year.



High Performing Business Culture

Constructive behaviours increased by 17%.



Cost

Operating cost per customer reduced by 1.6%



Return to Shareholder

Delivered dividend to Victorian Government above forecast.



Customer Service Indicators



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Customer key performance indicators

Key performance indicator	05/06 target	05/06 actual	Achieved
Customer satisfaction – rating by customers that YVW is 'very good or excellent' (%)	60.0	59.1	✗
Customer commitment to water conservation (%)			
– customers who believe water conservation is about investing in the future	>80	87	✓
– customers who try to save water because it is the right thing to do	>80	86	✓
Customer rating of service quality – 'overall quality of service' (%)			
– emergency	73	74	✓
– billing	75	75	✓
First contact resolution for emergency and billing contacts (%)	97	99	✓

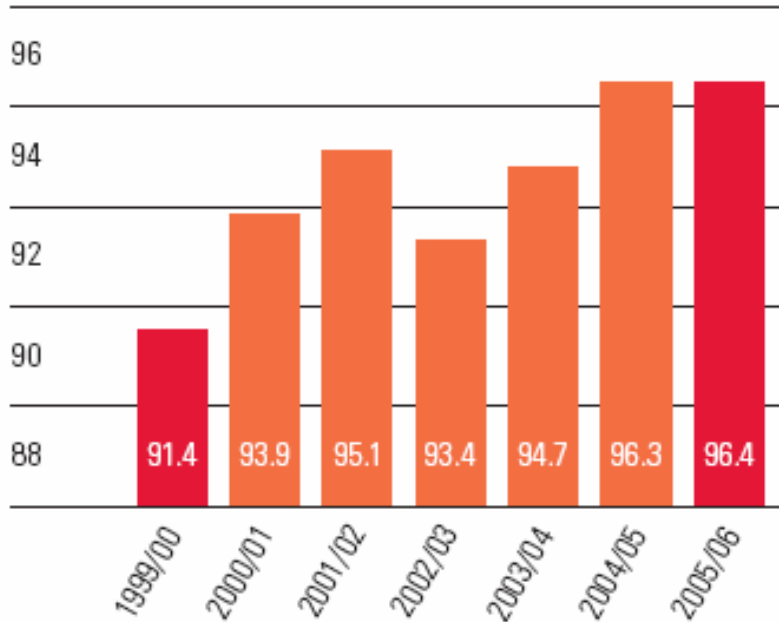
Water quality complaints (complaints per 1,000 customers)	4.9	6.0	✗
Customers experiencing more than three unplanned water supply interruptions per year (%)	0.81	0.49	✓
Customers experiencing more than three sewer blockages per year (%)	0.003	0.002	✓
Water supply interruptions restored within three hours (%)	95	96.4	✓
Correspondence turnaround (%)			
– letters in 4 days	96	96	✓
– emails in 24 hours	100	100	✓
Telephone response – calls answered within 30 seconds (%)	95	85.3	✗

Examples of Indicators



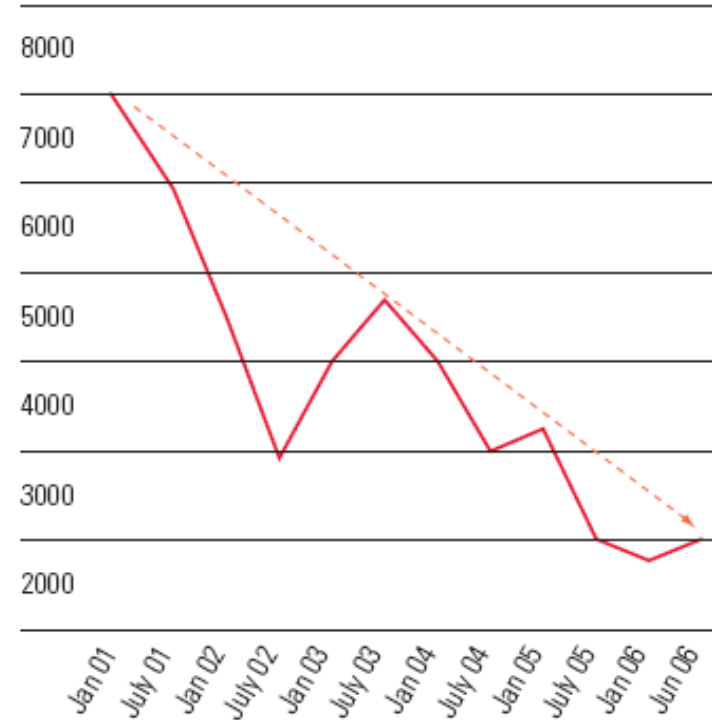
Interruptions restored within 3 hours (%)

Restoration of water supply is consistent with international best practice performance.



Customers experiencing more than 3 water interruptions (rolling 12 months)

The number of customers affected by multiple water supply interruptions continues to reduce.



Environmental Indicators



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Environment key performance indicators

Key performance indicator	05/06 target	05/06 actual	Achieved
Water consumption per person per day (litres)	314	301	✓
Recycled water – percentage of water recycled from Yarra Valley Water sewage treatment plants (%)	5.2	4.1	✗
Sewage treatment plants compliant with EPA requirements (%)	100	100	✓

Customers with septic tanks provided with sewerage infrastructure (number)	178	49	✗
Emergency overflow structures compliant with standards (%)	64	63	✗
Customer compliance to trade waste agreements/audits (%)	93	95	✓
Greenhouse gases emissions (CO ² equivalent) (tonnes)	15,000	14,667	✓
Waste diverted from landfill (%)	60	86	✓

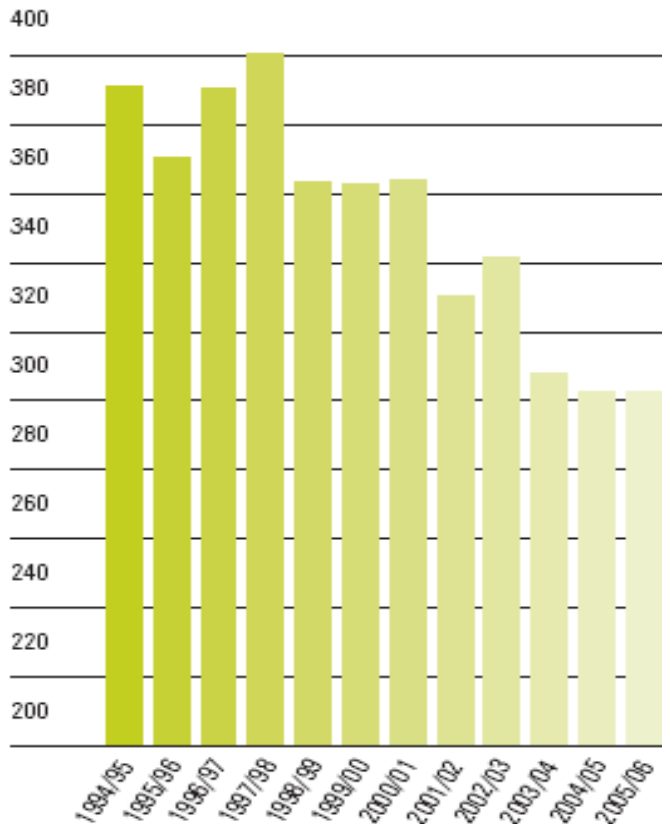
Examples of Indicators



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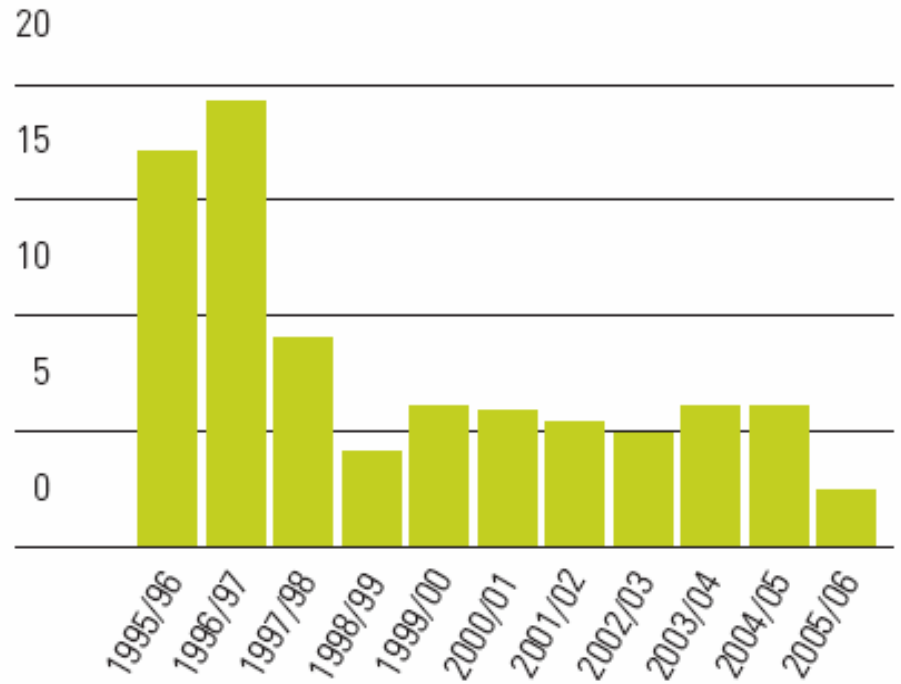
Average annual daily litres per person

301 litres per person per day is the lowest recorded consumption by Yarra Valley Water customers.



Total phosphorus loads (tonnes) to Yarra River

Improvements at sewage treatment plants has reduced nutrient discharge to the Yarra.





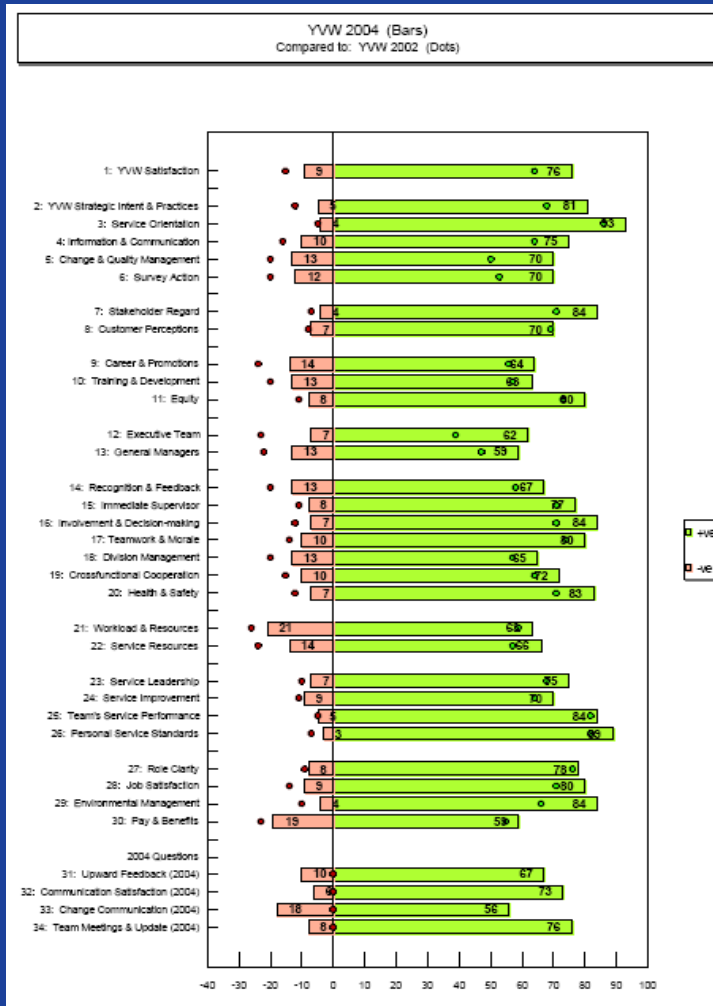
Culture key performance indicators

Key performance indicator	05/06 target	05/06 actual	Achieved
Reduce staff turnover levels (%)	10	4.5	✓
Increase our Organisational Cultural Inventory results for constructive behaviour (%)	10	17	✓
Decrease our Organisational Cultural Inventory results for negative behaviour (%)	10	13.5	✓
Lost time injuries (number)	0	2	x
Positions filled with internal candidates (team leader and above) (%)	50	60	✓

Examples of Indicators

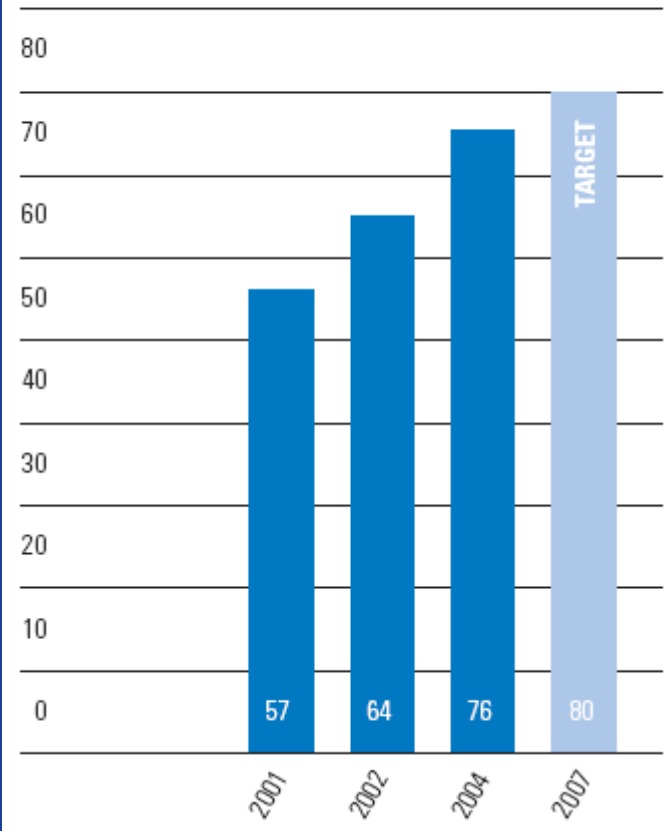


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Employee satisfaction (%)

Employee satisfaction at Yarra Valley Water has increased significantly since 2001.

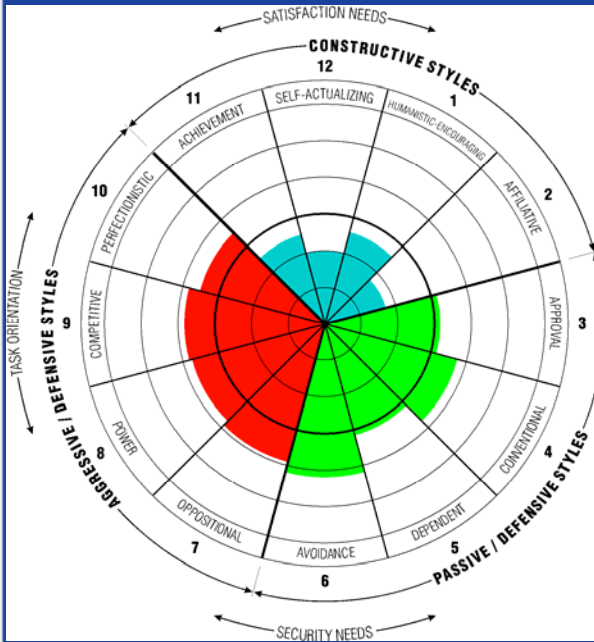


Examples of Indicators

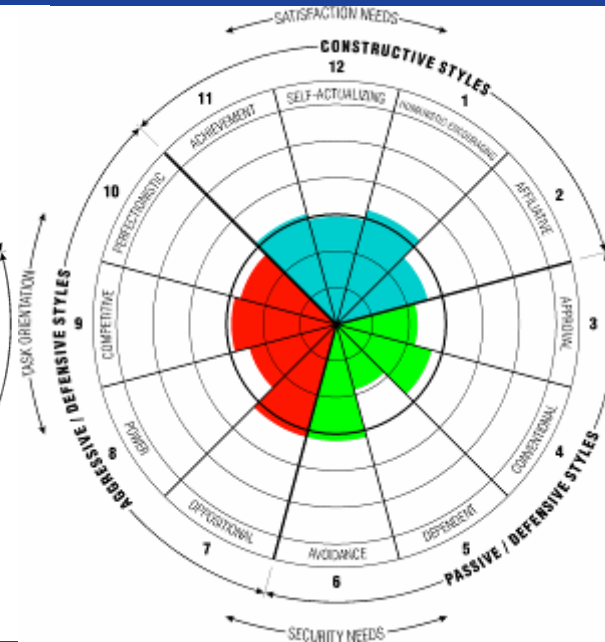


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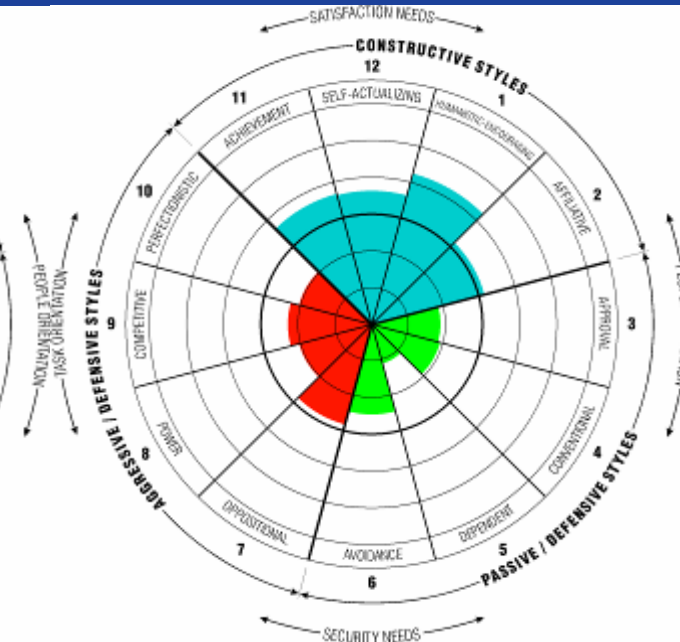
2001



2003



2005



Retesting Every 2 Years

Efficiency



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Efficiency key performance indicators

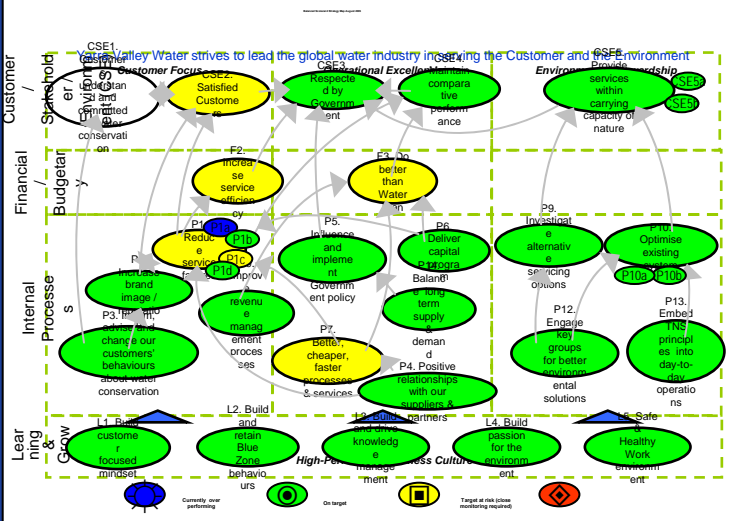
Key performance indicator	05/06 target	05/06 actual	Achieved
Managing capital expenditure in accordance with our target (\$m)	168.0	149.8	×
Operating cost per property for water supply services (\$)	183.7	181.5	✓
Operating cost per property for wastewater services (\$)	220.0	215.9	✓
Managing controllable operating expenditure in accordance with our target (\$m)	82.8	81.9	✓
Number of Six Sigma projects (number)	15	15	✓

Yarra Valley Water's Monitoring & Reporting



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Yarra Valley Water's Balanced Scorecard



Theme	Code	Strategic Objective	Jul 05 Results	Aug 05 Results	Page Number
Customer Focus	CSE1	Customer Water Conservation Knowledge and Commitment			3
	CSE2	Customer Satisfaction Performance			4
	F2	Increase Service Efficiency			5
	P0	Revenue Management Progress			6
	P1 a	Reduce Services Failures : Call Centre			7
	P1 b	Reduce Services Failures - Progress on Reliability Programs			8
	P1 c	Reduce Services Failures : Priority Customer Servicing - Water Supply			9
	P1 d	Reduce Services Failures : Priority Customer Servicing - Sewage			10
	P2	Activities to Enhance Brand Image			11
	P3	Active Water Conservation Marketing Programs			12
Operational Excellence	CSE3	Government Satisfaction Index			13
	CSE4	Analysis of Comparative Performance			14
	F3	Do Better than The Water Plan			15
	P4	Positive Relationships with our Suppliers			16
	P5	Influence and Implement Key Government Policies			17
	P6	Deliver Capital Program			19
	P7	Better, Cheaper, Faster Processes			20
	P14	Balance Supply and Demand			21
	CSE5 a	Greenhouse Gas Emissions			22
	CSE5 b	Water Conservation			23
Environmental Stewardship	P9	Progress on Alternative Servicing Investigations			24
	P10	Progress on Optimisation Initiatives			25
	P10a	Pollutants from Sewage			26
	P10b	Waste to Landfill Assessment			27
	P12	Engaged Assessment			28
	P13	Embed Sustainability Assessment into day to day Operations			29
	Learning & Growth	L1	Implementation of Strategies to Build Customer Focused Mindset		
L2		Progress of OCI, OEI, Landmark Action Plans & Outcomes			31
L3		Progress Of Knowledge Management Project			32
L4		Implementation of Environmental Education Plan			33
L5		Safety Plan			34

Yarra Valley Water Strategy



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Strategy is divided into two elements:

1. Continuous improvement in all activities

Every team contributes to :

- Improvements in customer service
- Environmental improvement
- Efficiency gains
- Cultural improvements

2. Management concentration on strategic outcomes

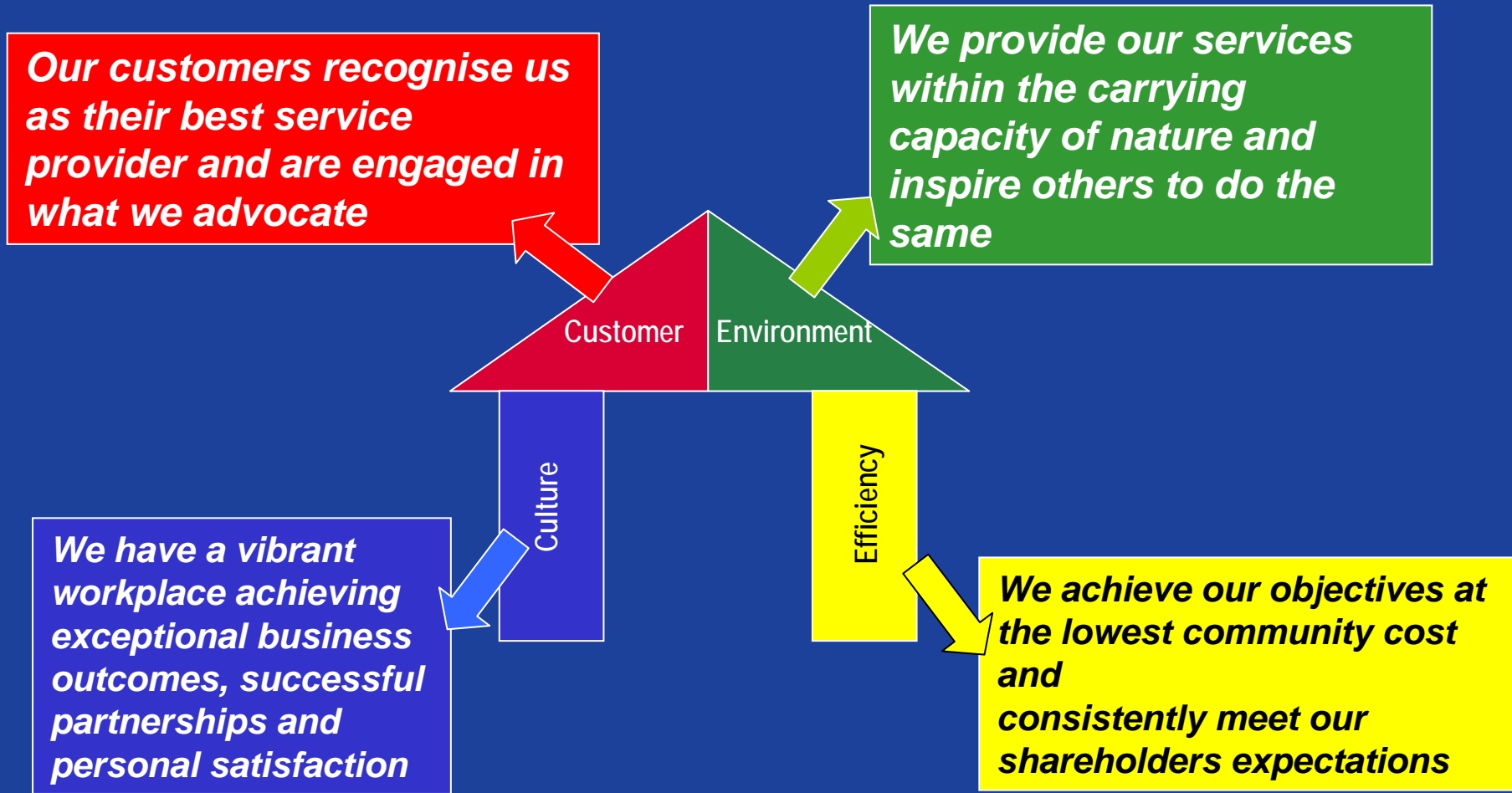
– **What will take us from GOOD to GREAT**

A Balanced Strategy

Key 2013 Strategic Outcomes



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2013 Outcomes & Objectives



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CUSTOMER	ENVIRONMENT	EFFICIENCY	CULTURE
<p><i>Our customers recognise us as their best service provider and are engaged in what we advocate</i></p>	<p><i>We provide our services within the carrying capacity of nature and inspire others to do the same</i></p>	<p><i>We achieve our objectives at the lowest community cost and consistently meet our shareholders expectations</i></p>	<p>CULTURE OUTCOME <i>We have a vibrant workplace achieving exceptional business outcomes, successful partnerships and personal satisfaction</i></p>
<p>1. There has been a significant reduction in the number of customers experiencing repeat service problems</p>	<p>5. We run our operations in a way that protects and enhances the waterways we extract from and discharge into.</p>	<p>11. We have achieved our shareholder's financial expectations</p>	<p>14 We all inspire, energise and encourage each other to be innovative and to excel.</p>
<p>2. When customers experience water or sewerage problems, our service meets or exceeds their expectations.</p>	<p>6. We are providing a sustainable sewerage service to properties serviced by septic tanks and are on track to complete the sewerage backlog program by 2025.</p>	<p>12 We have generated profits from new business activities</p>	<p>15. Together we create and embrace opportunities that achieve our personal and professional goals.</p>
<p>3. Our customers don't contact us unnecessarily and are highly satisfied with our service for necessary contacts.</p>	<p>7. We have helped our customers to significantly reduce their per capita potable water consumption.</p>	<p>13. We apply our community costing framework to all key business decisions.</p>	<p>16. We have constructive relationships with our partners that deliver mutually beneficial outcomes.</p>
<p>4. Our customers agree we provide excellent service, we are at the forefront of caring for the environment and they adopt programs we advocate.</p>	<p>8. All biosolids produced by YVW Sewage treatment plants are used for sustainable, productive purposes</p>		
	<p>9. We have no net greenhouse gas emissions from YVW operations.</p>		
	<p>10. We are recognised as global leaders in Environmental Sustainability and sought after for advice.</p>		

Conclusions



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- 💧 There are heaps of indicators
- 💧 Best to select the ones relevant to your environment and your stakeholders (GRI is too generic)
- 💧 Must be part of corporate strategy owned at the very highest levels in the organisation
- 💧 Indicators also go to the heart of the organisation's values. They relate to what you measure, do and commit to do
- 💧 A suite of TBL indicators will force an organisation to adopt the genius of the AND

Recommendations



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- 💧 Undertake a quick self assessment to determine gaps in your strategy
 - GRI
 - VicWater Self Assessment
 - SWITCH Objectives
- 💧 Confirm with stakeholders
- 💧 Refine your strategy to cover all three bottom lines
- 💧 Assign “local” indicators to your strategy
- 💧 Monitor and evaluate successes and disappointments
- 💧 Persevere



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Thank You