

**Guidelines for  
Implementing Total Management Planning**

**Service Standards**

**IMPLEMENTATION GUIDE**



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**LIST OF ACRONYMS**

CSS	Customer Service Standard
KPI	key performance indicator
NHMRC	National Health and Medical Research Council
NR&M	Department of Natural Resources and Mines
SAMP	Strategic Asset Management Plan
SWOT	strengths, weaknesses, opportunities, threats
TMP	Total Management Plan
WSAA	Water Services Association of Australia
WSP	Water Service Provider

## **1 PURPOSE**

Unless a specific exemption applies, the *Water Act 2000* requires all water service providers (WSPs) to prepare customer service standards to inform those customers who are not serviced under contract about the nature of the service provided and how their service provider will deal with them. Some form of service standard is also an essential component of a formal contract between a WSP and a customer.

This implementation guide is intended to provide detailed guidance for WSP practitioners and their consultants on the processes involved in establishing and implementing service standards and developing associated documentation.

## **2 TMP REQUIREMENTS**

Each WSP's Total Management Plan (TMP) should include an outline of the strategies adopted for establishing and managing appropriate standards for the WSP's water-related services. Appendix A shows what should be addressed.

A hierarchy has been established to define the level to which a WSP should develop its service standards under total management planning. This is discussed in more detail in the TMP Development Guide. The development level depends on the size of the WSP (in terms of the replacement cost of its assets) and the relative quality of its services.

## **3 THE PROCESS FOR ESTABLISHING AND IMPLEMENTING SERVICE STANDARDS**

Each WSP should develop and document a set of customer service delivery objectives as a basis for:

- its strategic and operational management initiatives; and
- demonstrating its commitment to customer service.

In essence, this involves establishing formalised service standards, in consultation with customer groups where appropriate.

The *Water Act 2000* requires service providers to prepare Customer Service Standards (CSS) to inform those customers who are not serviced under contract about the nature of the service provided and how their service provider will deal with them. Such standards must be reviewed by the WSP on an annual basis and the WSP's performance against the CSS must be reported on in the WSP's Annual Report. A CSS developed within the context of a TMP may be used to meet the requirements of the *Water Act 2000*.

Figure 1 (next page) illustrates a suitable process for developing formalised service standards. The remainder of this Guide deals with each step in this process in turn.



The range of service indicators selected will usually include both basic and discretionary indicators. The basic ones are those that the WSP considers necessary for providing an appropriate level of service, and which should also meet any regulation or other minimum requirements that apply to the WSP. Any number of additional discretionary service indicators may be chosen solely at the WSP's discretion. It should be noted that the WSP could subsequently incorporate any of these into a statutory customer service standard.

#### **4.1 Basic service indicators**

Basic indicators considered in these guidelines include:

- those that focus on providing a reliable, adequate and safe service;
- those for which regulatory standards have been specified, for customer service agreement or for comparative surveys (e.g. under the *Water Act 2000*, standard water supply and sewerage laws, or health regulations);
- those required for inclusion in a Strategic Asset Management Plan (SAMP) and a CSS under guidelines issued by the regulator; and
- any relevant service indicators for which minimum service standards are specified in NR&M Guidelines (as applicable) for:
  - planning and design of urban water supply schemes                      Reference 8
  - planning and design of sewerage schemes                                      Reference 9
  - planning and design of rural water supply schemes                      Reference 10

Any applicable regulatory standards, NR&M minimum standards and those standards required in a SAMP and CSS are subsequently referred to collectively in these guidelines as 'minimum service standards'.

#### **4.2 Additional service indicators**

A WSP may elect to choose a number of additional service indicators over and above the basic indicators listed above. The number and nature of such indicators chosen will depend on:

- progress made by the WSP in determining current service levels and formalising its service commitment;
- whether the indicator is considered to be of potential significance and/or interest to customers and consequently should be included in establishing service standards;
- the breadth and depth of the WSP's database in respect of service indicators; and
- the WSP's knowledge and perceptions of current service levels and associated levels of customer acceptance.

**TABLE 1: Service characteristics and typical service indicators**

Note: Typical service indicators shown shaded are those standards that must be included in a SAMP and CSS required under the *Water Act 2000*<sup>1</sup>

Type of service	Service characteristic	Typical service indicators
All services	Responsiveness	<ul style="list-style-type: none"> <li>▪ % telephone calls answered within 20 seconds</li> <li>▪ % billing inquiries resolved within one day</li> <li>▪ % written complaints responded to within 5 days</li> </ul>
Potable water supply	Quality of supply	<ul style="list-style-type: none"> <li>▪ Degree of compliance with microbiological quality guidelines in Australian Drinking Water Guidelines (Ref. 5) or other nominated industry guideline</li> <li>▪ Degree of compliance with physical/chemical characteristic guidelines in Australian Drinking Water Guidelines (Ref.5) or other nominated industry guideline</li> </ul>
	Supply pressure and or flow	<ul style="list-style-type: none"> <li>▪ Minimum static pressure (metres head) and/or flow (litres/min) at connection</li> </ul>
	Reliability of service	<ul style="list-style-type: none"> <li>▪ Number of days restrictions applied per year</li> <li>▪ % service interruptions restored within 5 hours</li> <li>▪ % of connections with deficient flow/pressure</li> <li>▪ Number of connections experiencing an unplanned interruption</li> <li>▪ Events/incidents causing an unplanned interruption to customers (number per 100 km main)</li> <li>▪ % connections experiencing more than (1,2,3,4,5 or more) interruptions</li> <li>▪ Relative incidence of planned and unplanned interruptions</li> <li>▪ Overall average duration of service interruption (hrs)</li> <li>▪ Interruption frequency per 1000 properties</li> <li>▪ Number of main breaks per 100 km of mains</li> <li>▪ System water loss (litres/connection/day)</li> <li>▪ Response/reaction time in hrs.</li> </ul>
	Customer satisfaction	<ul style="list-style-type: none"> <li>▪ Quality complaints per 1000 properties</li> <li>▪ Number of drinking water quality incidents</li> <li>▪ Confirmed pressure complaints (outside range 220–800 kPa) per 1000 properties.</li> <li>▪ % positive survey returns.</li> </ul>
Sewerage	Reliability of service	<ul style="list-style-type: none"> <li>▪ Sewage overflows affecting customer properties per 1000 properties</li> <li>▪ % service interruptions restored to within 5 hours.</li> <li>▪ Overall average duration of service interruption (hours).</li> <li>▪ Interruption frequency per 1000 properties.</li> <li>▪ Sewer main chokes and breaks per 100 km of mains.</li> <li>▪ Sewer inflow and infiltration (ratio)</li> <li>▪ Response/reaction time in hrs</li> </ul>
	Customer satisfaction	<ul style="list-style-type: none"> <li>▪ Odour complaints per 1000 properties.</li> <li>▪ % positive survey returns.</li> </ul>
	Environmental impact	<ul style="list-style-type: none"> <li>▪ Overall sewage overflows per 100 km of sewer and rising mains.</li> <li>▪ Unlicensed sewage overflows per 100 km of sewer and rising mains.</li> <li>▪ Degree of compliance of treatment plant effluent with EPA licence conditions.</li> </ul>
Irrigation water supply	Quality of supply	<ul style="list-style-type: none"> <li>▪ Degree of compliance with appropriate total dissolved solids guideline for irrigation water in Australian Water Quality Guidelines (Ref. 11).</li> </ul>
	Reliability of service	<ul style="list-style-type: none"> <li>▪ Order to delivery delay (days)</li> <li>▪ % of entitlement actually delivered</li> <li>▪ % of diversions delivered.</li> </ul>

Type of service	Service characteristic	Typical service indicators
	Customer satisfaction	<ul style="list-style-type: none"> <li>▪ Quality complaints per 100 customers.</li> <li>▪ % positive survey returns.</li> </ul>
Rural water supply	Quality of supply	<ul style="list-style-type: none"> <li>▪ Degree of compliance with appropriate total dissolved solids guideline for irrigation water in Australian Water Quality Guidelines (Ref 11).</li> </ul>
	Supply pressure	<ul style="list-style-type: none"> <li>▪ Minimum static pressure at first property tap.</li> </ul>
	Reliability of service	<ul style="list-style-type: none"> <li>▪ Number of days restrictions applied per year.</li> <li>▪ % service interruptions responded to within 5 hours.</li> <li>▪ Overall average duration of service interruption (hrs).</li> <li>▪ Interruption frequency per 100 properties.</li> <li>▪ Number of main breaks per 100 km of mains.</li> </ul>
	Customer Satisfaction	<ul style="list-style-type: none"> <li>▪ Quality complaints per 100 properties</li> <li>▪ Confirmed pressure complaints (outside specified range) per 100 properties.</li> <li>▪ % positive survey returns.</li> </ul>

<sup>1</sup>Note: Customer Service Standards may be reported in a qualitative fashion as long as the quantitative data is available for inspection by customers.

### 4.3 Service standards compatibility

Besides being compatible with any service indicators for which minimum service standards have been set, for example, under the *Water Act 2000*, the service indicators selected should also be compatible with those used in any benchmarking initiatives in which the WSP is participating. In Queensland the benchmarking activities of relevance are those reported on in references 1–3.

The measurement parameters associated with each applicable service indicator must be carefully defined to ensure rigorous consistency with respective service indicators used in specifying minimum service standards and in relevant benchmarking initiatives.

## 5 REVIEWING CURRENT SERVICE LEVELS

### 5.1 Evaluating service levels

For many service indicators (e.g. reliability of service, frequency of complaints) much of the information needed for evaluating current service levels should already be available from routine operation and maintenance reports and complaint registers. If not, the WSP's information system may need to be upgraded to obtain the necessary information.

For some service indicators (e.g. water quality, water pressure, customer satisfaction as measured by customer surveys), special monitoring programs may need to be developed. These must provide a statistically representative and valid picture (in both space and time) of current service levels. Care should be taken when selecting monitoring locations within the service network to include areas where quality of service is known or suspected to be lower than normal, for example on the basis of complaints.

In order to minimise evaluation costs, the service indicators selected should, as far as possible, be ones for which data on current service levels can be obtained as part of normal asset management activities, without the need for special-purpose monitoring programs. This highlights the importance of integrating performance reporting into routine operational regimes.

## **5.2 Reviewing service levels**

Once established, current service levels can be compared with minimum service standards or other relevant benchmarks. For those indicators for which no minimum service standards have been set, the benchmark may, in some instances, be one that has been foreshadowed but not yet formalised (e.g. a microbiological standard for potable water supplies). Otherwise the current service levels can be compared with:

- current service levels reported by benchmarking agencies for similar WSPs within the Australian water industry (e.g. References 1–3), or in annual reports of individual WSPs; and
- service standards adopted by other agencies and reported in annual reports.

## **5.3 Outcome of review**

For purposes of establishing tentative service standards, the results for the various service indicators can be grouped according to whether current service levels:

- meet or better the minimum service standard or other relevant benchmark; or
- fail to meet the minimum service standard or other relevant benchmark.

Service improvement strategies to address the latter point are discussed in Section 11.

# **6 ESTABLISHING TENTATIVE SERVICE STANDARDS**

## **6.1 Formulating tentative standards**

Formulating tentative standards, after reviewing current service levels, involves considering the following:

### **Appropriateness of standards**

It is the responsibility of WSPs to set service standards that are appropriate to their own particular circumstances, regardless of those adopted by other authorities. Standards should be set in consultation with their customers.

### **Higher or lower standards**

WSPs may choose to adopt service standards above any applicable minimum service standards or other relevant benchmarks. They may also arbitrarily adopt service standards below their own current service levels, for example where these are relatively high compared to prevailing minimum standards or benchmarks, and if the reduction in service level is acceptable to customers.

### **Considering alternative standards**

Higher service standards usually involve higher costs and sometimes increased environmental impact, so it is advisable for the WSP to define for consultation purposes a number of alternative tentative standards for one or more service indicators. The feasibility and cost of each alternative would then be assessed before the standards were finalised.

## **6.2 Assessing feasibility of achieving tentative standards**

Before seeking customer input on tentative service standards, the WSP should consider the need to compile appropriate supporting information to help the WSP and customers both arrive at fully informed conclusions.

This information will usually include:

- financial implications of meeting the standards;
- planned developments that may affect the feasibility of achieving the standards; and
- possible environmental impacts.

## **Financial implications**

These include possible impacts on:

- annual charges; and
- capital or replacement programs.

Such impacts should be assessed whether or not the tentative standards and defined alternatives:

- exceed the relevant current service levels, in which case the financial impact can be expected to involve additional costs; or
- are below current service levels, in which case the financial impact can be expected to involve savings.

Some form of operational audit will usually be necessary to determine the cost implications of service indicators that relate to operational processes (e.g. duration of service interruption or telephone response times).

Determining the financial implications of service indicators that relate to infrastructure capabilities (e.g. minimum supply pressure, sewer overflow frequency) will usually necessitate the preparation of a planning report.

## **Effect of planned developments**

Planned developments anticipated by the WSP that could impinge on the feasibility of achieving the tentative and alternative standards might include:

- programmed major capital expenditure for maintaining current service levels;
- completion of augmentation works in progress which will significantly increase service levels; or
- the introduction of new regulatory standards or Departmental requirements, as foreshadowed by government.

## **Environmental impacts**

There may be environmental impacts (either positive or negative) associated with meeting the tentative and alternative standards. It may be necessary to prepare an environmental impact assessment report.

Whether or not a WSP decides to define alternative tentative standards and to provide its customers with supplementary information on each will probably depend on:

- the size of the WSP and its customer profile (refer Section 7.3);
- the WSP's perceptions of customers' interest and level of concern over service standards issues; and
- how the tentative standards compare with current service levels and any applicable minimum service standards.

Consider, for example, a small local government WSP where current service levels meet the applicable minimum standards and are comparable with industry benchmarks, and where no additional costs or other impacts are involved in meeting the proposed standards. In this case the WSP may elect to set tentative service standards at or below current service levels, and seek customer endorsement on this basis without considering alternative standards.

# **7 CONSULTING CUSTOMERS**

## **7.1 Need for consultation**

For the reasons discussed in the service standards Overview (Section 7, 'Communicating with customers'), WSPs should involve their customers in a range of service delivery issues, from major planning decisions to preferences for particular types and levels of service. In decisions on service standards, input and agreement from the customer can significantly improve the cost-effectiveness of a WSP's service delivery.

## **7.2 Customer profiles**

A **customer profile** for a particular service is a set of statistics compiled by a WSP, covering all customer categories and including the number and nature of customers within each category.

Each WSP should establish and maintain up-to-date profiles covering all categories of its customers (e.g. residential, commercial, industrial and rural). Accurate customer profiles are a prerequisite to effective customer consultation based on representative sampling techniques.

For a particular service indicator, the relevant customer profile(s) can be used in designing customer surveys and establishing customer committees so as to ensure that consultation results in valid, representative outcomes.

## **7.3 Assessing customers' expectations and preferences**

Developing an understanding of its customers' expectations, perceptions and preferences will help to ensure that a WSP's planning reflects the changing views and needs of the community it serves.

Preferably, consultation with customers should be an ongoing process, rather than a once-off special event. Establishing 'standing' customer committees with which the WSP liaises on a wide range of issues should achieve this, and should also improve the consistency and validity of the WSP's decisions affecting service delivery. Nevertheless, such committees would be expected to convene no more than once a year (more often only as required).

The frequency and type of consultation carried out on customer service issues will depend, however, on the nature of the issues, the nature and size of the WSP organisation, the WSP's perceptions as to the community's desire to be consulted, and any relevant regulatory requirements regarding the need to consult.

For example, under the Environmental Protection (Water) Policy (Reference 4), a local government WSP must consider including community education and involvement in water conservation in its environmental plan about water conservation.

One issue on which customer consultation is particularly desirable and potentially cost-effective is in respect of service standards for drinking water quality. The Australian Drinking Water Guidelines (Reference 5) stress the need for community involvement in basic WSP decisions such as the quality of drinking water supplied to its customers.

Many WSPs will have already developed a reasonable understanding of their customers' preferences and fostered a suitable level of understanding of water services issues on the part of customers. In these cases it is likely that the WSP has already taken account of these preferences in formulating tentative service standards for customer consultation.

The aims of consultation could then include:

- identifying or confirming criteria on which customers evaluate and compare service delivery options;
- ascertaining customers' relative preferences for any defined alternative service standards, taking account of any supporting information prepared by the WSP on cost and environmental impacts; and
- reaching agreement on service standards to be adopted.

## **7.4 Alternative consultation approaches**

Many of the larger WSP organisations will have already established customer consultation processes. The following suggestions are intended to help these WSPs to determine whether their consultation processes are suitable for service standards reviews, and to help smaller WSPs to establish suitable ones.

The consultation approach adopted can range from a simple questionnaire based on a limited number of service standards options, through the use of ad hoc customer committees, to the convening of regular customer forums. In deciding on the most appropriate approach to consultation, the WSP should consider:

- the level of resources available;
- the quality of information already available on customer expectations and preferences, and on tentative service standards options and associated impacts;
- the level of sophistication of the WSP's planning processes; and
- legal or regulatory obligations to consult, or at least to consider consulting, its customers.

## **Examples**

When customers are interested and well informed and the quality of information on service standards options and costs is high, the use of customer committees is appropriate for imparting a full understanding of the technical, financial and environmental issues. If the available information is limited in detail, there are limited resources available, the customer base is small, and/or customers are perceived to be ill-informed and uninterested, the review may be best initiated via a customer survey questionnaire to gain insight into expectations and the extent of perception and information gaps.

Practical guidance on consultation processes is available in such publications as References 6 and 7.

## **7.5 Using customer committees**

If a customer committee is used, information sheets should be prepared to help the participants understand the issues, describing, for example:

- the purpose of consultation;
- the infrastructure involved in delivering the services;
- the relevant service indicators proposed;
- current levels of service, alternative tentative service standards, and the anticipated impacts of each; and
- the key factors that drive decisions on service standards (e.g. technical needs, legal constraints, customer attitudes, financial constraints).

Customer committees should generally involve 7 or 8 people specifically selected to ensure different views are presented. Committee discussions can:

- find out what level of knowledge and understanding customers have;
- understand the customer's way of thinking regarding the service, and criteria for identifying an acceptable service; and
- determine what service standards customers perceive as acceptable and affordable.

## **7.6 Outcome of consultation**

Within the context of Figure 1, customer consultation as described above should lead to a set of customer-endorsed service standards, or at least interim standards to be adopted pending a program of further work by the WSP followed by a further round of consultation.

The endorsed standards should in due course be formally adopted, documented and promoted by the WSP.

# **8 DOCUMENTING ADOPTED SERVICE STANDARDS**

## **8.1 Purpose**

The purpose of formally documenting a WSP's adopted service standards is to:

- demonstrate the WSP's commitment to defined service outcomes;

- inform customers of the levels of service they can expect;
- provide customers with a transparent and objective basis for evaluating ‘value for money’;
- provide specific benchmarks for evaluating and reporting on services provided; and
- help the WSP to meet its statutory reporting obligations.

## 8.2 Benefits

Formal documentation of adopted service standards provides a pivotal recognition of the relationship between the WSP and its customers, as discussed in the service standards Overview. If suitably structured, the standards document should provide a vehicle for formalising the rights and obligations of both the WSP and customers, by encapsulating:

- for the WSP, its:
  - obligation to maintain minimum standards;
  - need to be responsive and accountable;
  - responsibility to comply with relevant regulations; and
  - right to exercise its statutory powers;
- for customers, their:
  - right to expect an agreed minimum standard of service;
  - need for a basis on which to assess their level of satisfaction with services;
  - right to relevant information on services; and
  - responsibility to pay for services and comply with regulations.

## 8.3 Level of documentation

The minimum level of documentation on service standards may be decided by the WSP, but should be such as to meet any requirements under the *Water Act 2000* in respect of customer service standards.

The documentation could be expected to cover at least:

- the adopted service standards; and
- the process for service connections, billing, metering, accounting, customer consultation, complaints and dispute resolution.

The documented service standards would include both basic and additional service indicators, as discussed in Section 4.

The scope of a WSP’s service standards documentation should, where appropriate, incorporate other key matters central to their dealings with customers, for example:

- liability for charges;
- bill payment;
- service restrictions/disconnections;
- maintenance responsibilities and processes;
- procedures for carrying out work by the WSP;
- property entry;
- inquiry handling procedures;
- compensation for WSP failure to comply with standards;
- information dissemination; and
- WSP reporting arrangements.

The advantages and disadvantages of widening the scope in this regard will obviously depend on the size of the WSP, its operating environment, and the nature of its customer profile.

## 8.4 Format of documentation

Several formats are currently in use by water authorities for documenting their service standards and commitment. These are briefly outlined below, in increasing order of complexity (and thus commitment of the WSP).

### Brief policy statements

These are usually policy resolution statements by the WSP, outlining aspects of service delivery policy. For example, separate policy statements might be issued for:

- adopted service standards;
- consultation procedures;
- bill payments generally, and so on.

This is the traditional form of documentation used by smaller local government WSPs in Queensland where formal documentation has been adopted.

### Customer charter

This is usually a consolidated statement on standards and rights/obligations of WSPs and customers, covering most if not all of the matters listed in the previous section.

Customer charters are now normal practice among WSPs worldwide, including Australia, and among the larger commercialised WSP organisations in Queensland. A customer charter is usually intended for distribution to customers, and for this reason may be an abridged form of a more comprehensive customer contract, as discussed below.

A number of separate guidelines on preparing customer charters are available (e.g. References 12-16).

### Customer contract

This is a formal contract between a WSP and a customer that sets out the rights and obligations of both the WSP and the customer. Customer contracts are likely to be used between WSPs and major water users.

### Customer guarantee

A customer guarantee represents the highest commitment by a WSP to ensuring service delivery. It is usually a concise document outlining an offer of compensation (e.g. by refunding charges) to customers who have failed to receive the level of service promised in the organisation's customer charter or contract.

## 8.5 Dissemination

Under the *Water Act 2000*, all customers must be given copies of customer contracts or customer service standards unless the WSP has been granted an exemption by the regulator. Customer service standard documentation is often distributed with rate notices/bills for reasons of economy, but may have more impact if separately distributed.

## 9 IMPLEMENTING SERVICE IMPROVEMENT STRATEGIES

As indicated in Figure 1, once formal service standards have been adopted and documented by the WSP, current service levels can be compared with the standards. This should indicate whether or not the standards are currently being met, and for which, if any, service indicators the levels of service need to be enhanced to achieve compliance. Assessment of current service levels is discussed in the next section.

Maintenance and enhancement of service levels depend collectively on the WSP's:

- routine operational management programs and procedures; and

- improvement programs initiated under a TMP.

The adopted service standards effectively constitute a set of primary objectives for implementing a WSP’s operational management programs, along with financial and environmental objectives.

## 9.1 Maintaining compliance with standards

Ensuring continued compliance with adopted service standards will be difficult without systematic and adequately documented operational management programs and procedures. Such programs and procedures should be established in respect of each of the key result areas and operational areas identified in this set of TMP guidelines and summarised in Figure 1. Guidance on management strategies is provided for each key result area.

## 9.2 Enhancing service levels

A TMP provides the means of progressively achieving compliance with adopted services standards, by implementing appropriate management strategies under the relevant sub-plans.

Table 2 shows how the work necessary to achieve compliance can be allocated to various sub-plans under a TMP in respect of a range of service standards.

**TABLE 2: Achieving compliance with adopted service standards via a TMP**

Area of non-complying current service levels	TMP sub-plan for achieving compliance
Drinking water quality standards	<ul style="list-style-type: none"> <li>▪ Drinking water quality management plan</li> <li>▪ Infrastructure plan</li> </ul>
Minimum supply pressure	<ul style="list-style-type: none"> <li>▪ Water demand management plan</li> <li>▪ Operations management plan</li> <li>▪ Infrastructure planning overview</li> </ul>
Unaccounted-for water	<ul style="list-style-type: none"> <li>▪ Water loss management plan</li> </ul>
Total water losses	<ul style="list-style-type: none"> <li>▪ Water loss management plan</li> </ul>
Effluent standards	<ul style="list-style-type: none"> <li>▪ Effluent management plan</li> <li>▪ Infrastructure plan</li> </ul>

## 10 EVALUATING SERVICE PERFORMANCE

It is of critical important for a WSP to continually evaluate its performance in delivering services to the adopted service standards, particularly where binding commitments on maintaining standards have been documented in customer charters and/or guarantees.

Performance is usually evaluated in two complementary ways:

- evaluation of current service levels and critical assessment against adopted standards and recognised benchmarks; and
- customer satisfaction surveys.

## 10.1 Assessing current service levels

As discussed in Section 5.1, evaluating current service levels as a prelude to their critical assessment may involve compiling data collected during the performance evaluation period, for one or all of the following:

- relevant data from operational reports and audits;
- complaint registers/reports; and
- results of special-purpose monitoring programs.

If the service indicators are chosen to be compatible with industry benchmarking initiatives, as discussed in Section 6.2, current service levels may then be directly compared with the adopted service standards and externally reported benchmark levels, for evaluating the WSP's service performance.

A WSP will usually report on performance in its annual reports. The WSP may in addition regularly report and compare its performance as part of one or more participative benchmarking initiatives, such as those in References 1–3.

## 10.2 Customer satisfaction surveys

The use of customer satisfaction surveys will normally be confined to:

- larger WSPs, as a regular performance evaluation tool; and
- as a once-off exercise by any WSP, for example one that is experiencing serious difficulty in meeting adopted service standards or other reasonable benchmarks, or contemplating major reform.

When used as a regular evaluation tool, customer satisfaction surveys should be performed no more than about once every three years, and/or following significant changes in service standards or major reforms.

To maximise the cost-effectiveness and reliability of results of such surveys, their design and execution should ideally be left to specialist consultants operating independently of the WSP.

## 10.3 Establishing a service performance evaluation regime

In order to establish a suitable regime to evaluate the service performance of a WSP, appropriate strategies and action plans should be developed under the performance assessment plan within the WSP's TMP (see Performance Assessment Implementation Guide).

Appendix A provides guidance about the scope and content of a service standards plan. The service standards are the basis on which service performance is assessed.

# 11 REVIEWING SERVICE STANDARDS

Each WSP should periodically review its current service standards, irrespective of whether its external operating environment has changed (e.g. in respect of minimum service standards). The objective is to:

- achieve continual improvement in service delivery by applying industry best practice; and
- maximise customer satisfaction.

Continual improvement in service standards and/or costs should be the central focus of each WSP's TMP.

Where the WSP's service standards form the basis of a CSS required under the *Water Act 2000*, the review must be undertaken annually.

After a review of current standards, the criteria for deciding when an improvement in service standards should be sought include:

- indications from customer consultation and/or customer satisfaction surveys;
- indications from benchmarking against comparable WSPs; and

- favourable benefit/cost analysis performed by the WSP.

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## APPENDIX A: Content and development level of sub-plan

**TABLE A1: Indicative sub-plan content**

Sub-plan features	Service standards plan content
Issues covered in sub-plan	<ul style="list-style-type: none"> <li>▪ Community consultation.</li> <li>▪ Customer profiles.</li> <li>▪ Customer satisfaction surveys.</li> <li>▪ Information dissemination.</li> <li>▪ Customer interaction.</li> <li>▪ Complaint/inquiry response.</li> <li>▪ Infrastructure performance standards.</li> <li>▪ Customer charter/guarantee.</li> </ul>
Purpose of plan	<ul style="list-style-type: none"> <li>▪ To provide an overview of the WSP's current service standards and related support practices.</li> <li>▪ To outline the WSP's future objectives and initiatives in managing service standards.</li> </ul>
Policies that may be required	<ul style="list-style-type: none"> <li>▪ Customer interaction;</li> <li>▪ Community consultation;</li> <li>▪ Definition and dissemination of service standards;</li> <li>▪ Monitoring and reporting of service levels.</li> </ul>
Other total management plan sub-plans that are intimately linked to this sub-plan	<ul style="list-style-type: none"> <li>▪ Drinking Water Quality Management Plan: quality of water delivered is a frequent source of complaint.</li> <li>▪ Operations Management Plan: staff/customer interaction.</li> <li>▪ Information Management Plan: ensures database on customer service.</li> <li>▪ Risk Management Plan: risk management program is predicated on maintaining adopted service standards.</li> <li>▪ Performance Management Plan: integrates performance evaluation and reporting across WSP, including service performance.</li> </ul>
External issues contributing to the current operating environment that need to be considered	<ul style="list-style-type: none"> <li>▪ Increased community expectations on consultation and responsiveness.</li> <li>▪ Commercialisation requires greater customer focus.</li> <li>▪ Meeting new benchmarking/reporting obligations implies defining and monitoring service standards.</li> <li>▪ Proposed water industry legislation will oblige WSPs to define service standards for customer interaction and infrastructure performance.</li> </ul>
Issues that need to be considered in summarising the status of current operations	<ul style="list-style-type: none"> <li>▪ Current customer profile.</li> <li>▪ Extent of accountability documentation (e.g. defined service standards; establishment agreement; operating agreement; customer charter/guarantee).</li> <li>▪ Customer consultation and response protocols.</li> <li>▪ Extent of monitoring, benchmarking and reporting actual service levels.</li> <li>▪ Extent of customer satisfaction surveys.</li> <li>▪ Broad SWOT analysis of relevant operations.</li> </ul>
Strategic basis of the plan	<p>The strategic elements forming the basis of the plan should include:</p> <ul style="list-style-type: none"> <li>▪ goal for service standards;</li> <li>▪ objective(s) for service standards;</li> <li>▪ adopted KPIs; and</li> <li>▪ management strategies and performance targets.</li> </ul> <p>The management strategies developed will be based on the identified key strategic issues and SWOT findings, including risk assessment, in respect of managing service standards, and on the required TMP development level (refer Table A2, Appendix A).</p> <p>Many WSPs are likely to require strategies for implementing programs for formal definition of service standards; monitoring customer interaction and infrastructure performance; customer satisfaction surveys; contact staff training; and/or service information dissemination. Larger WSPs may need strategies for producing/implementing a customer marketing plan and/or customer charter, and/or for establishing a customer advisory/consultative committee.</p> <p>The strategies should be supported by detailed action covering a period of up to 3 years.</p>

Sub-plan features	Service standards plan content
Suggested performance measures	<p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Percentage of customers satisfied with services.</li> <li>▪ Percentage of customers aware of service standards.</li> <li>▪ Percentage of customers aware of customer charter/guarantee.</li> <li>▪ Percentage of customers using auxiliary water treatment devices.</li> <li>▪ Percentage of customers using alternative water sources.</li> </ul> <p>Output:</p> <ul style="list-style-type: none"> <li>▪ Number of days unplanned water restrictions applied.</li> <li>▪ Compliance with relevant water quality standards (drinking and irrigation).</li> <li>▪ Compliance with firefighting standards.</li> <li>▪ Percentage of irrigation water requests fulfilled within target time.</li> <li>▪ Percentage of planned interruptions restored within 5 hours.</li> <li>▪ Percentage of unplanned interruptions restored within 5 hours.</li> <li>▪ Average duration of unplanned interruptions.</li> <li>▪ Average duration of planned interruptions.</li> <li>▪ Number of customers complaints per 1000 customers: <ul style="list-style-type: none"> <li>- affordability</li> <li>- confirmed pressure/flow complaints</li> <li>- water quality (aesthetic, health)</li> <li>- confirmed pressure complaints</li> <li>- sewerage odours.</li> </ul> </li> <li>▪ Emergency calls received.</li> <li>▪ Emergency calls answered within 30 seconds.</li> <li>▪ Account inquiries responded to within 5 days, 10 days.</li> <li>▪ Written complaints responded to within 5 days, 10 days.</li> <li>▪ Complaints resolved within 21 days.</li> <li>▪ Restrictions/disconnections for non-payment of bills.</li> </ul>
Supporting documentation	<p>This will depend on the WSP, but typically would include:</p> <ul style="list-style-type: none"> <li>▪ published service standards;</li> <li>▪ establishment agreement;</li> <li>▪ operating agreement;</li> <li>▪ customer charter/guarantee;</li> <li>▪ customer satisfaction survey reports; and</li> <li>▪ service level monitoring/benchmarking reports.</li> </ul>

**TABLE A2: Required sub-plan development level**

Development level <sup>1</sup>	Target management mechanisms of Service Standards Management Plan
3	<ul style="list-style-type: none"> <li>▪ Compliance with NHMRC Drinking Water Quality Guidelines</li> <li>▪ Adopted service standards in place</li> <li>▪ Service levels recorded, analysed and reported</li> <li>▪ Customer satisfaction surveys undertaken</li> <li>▪ Formalised community consultation processes in place</li> <li>▪ Customer charter/guarantee in place</li> <li>▪ Customer profile information available</li> <li>▪ Service levels benchmarked against best practice</li> </ul>
2	<ul style="list-style-type: none"> <li>▪ Compliance with NHMRC Drinking Water Quality Guidelines</li> <li>▪ Adopted service standards documented</li> <li>▪ Service levels recorded, analysed and reported</li> <li>▪ Formalised community consultation processes in place</li> <li>▪ Customer profile information available</li> </ul>
1	<ul style="list-style-type: none"> <li>▪ Compliance with NHMRC Drinking Water Quality Guidelines</li> <li>▪ Adopted service standards documented</li> <li>▪ Service levels recorded, analysed and reported</li> </ul>

<sup>1</sup> Defined in Section 4.2 of TMP Development Guide.