

**Guidelines for  
Implementing Total Management Planning**

**Service Standards**

**OVERVIEW**



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## **LIST OF ACRONYMS**

COAG	Council of Australian Governments
DERM	Department of Environment and Resource Management
TMP	Total Management Plan
WSP	Water Service Provider

## 1 INTRODUCTION

These guidelines, relating to the key result area of service standards, aim to help Queensland's water service provider (WSP) organisations to maintain and improve the quality of their services. The guidelines focus specifically on meeting the expectations of customers.

This Overview is written for elected representatives, board members and senior management of WSPs. It discusses the concepts and principles of customer service and service standards, as well as presenting a broad context for the Implementation Guide (included as a separate document).

It is recognised that smaller WSPs are often more constrained in achieving their aims than larger, more commercially oriented ones. Account is taken of this by providing for a range of customer service approaches to suit all sizes of WSP organisations.

The TMP Guidelines are compatible with the requirements under the *Water Supply (Safety and Reliability) Act 2008*, which regulates the activities of Queensland WSPs.

## 2 APPLICATION

These guidelines are applicable to all Queensland WSPs as defined in the *Water Supply (Safety and Reliability) Act 2008*. These include:

- local governments;
- joint local governments;
- urban water supply boards;
- Aboriginal community councils;
- Torres Strait Island community councils;
- State government departments or agencies;
- rural water supply boards; and
- non-government entities.

The guidelines for this key result area relate primarily to organisations providing water services for:

- urban and rural potable water supply;
- irrigation water supply; and
- sewerage.

However, the customer service principles outlined should be generally applicable to the provision of any other category of water service.

## 3 THE IMPORTANCE OF SERVICE STANDARDS

In all western countries, consumers are becoming increasingly vocal about what they want and expect from suppliers, and water service consumers are no exception.

Even though WSPs usually have a monopoly over their services, and consumers have little if any choice of supply, WSP managements are coming under increasing pressure to take more account of customer preferences and progressively improve the quality of their services.

It is therefore becoming increasingly important for all Queensland WSPs, within prevailing financial, organisational and other constraints, to take reasonable and appropriate steps to:

- assess what their customers expect of their services;
- define the standards of service to be provided; and
- achieve and consistently maintain those standards.

The establishment and maintenance of service standards should thus be seen as central to a WSP's activities, and a major influence on its corporate or business plan. A service delivery strategy and infrastructure plans should be developed, implemented and managed to ensure these service standards are met.

## **4 THE CUSTOMER/WSP RELATIONSHIP**

The relationship between the consumers and their WSP always involves:

- an arrangement for the supply of services, which is usually informal but may be formalised for certain commercial customers; and
- mutual obligations, whereby the WSP provides the services and the customer pays on demand.

Like a commercial contract the relationship should, to a reasonable degree, also involve a binding commitment by the WSP as to what is to be supplied, where, how and when.

These fundamental concepts have not always been evident or recognised in the way water services have traditionally been delivered. They will, however, become a priority for WSPs in the future. Major Queensland authorities have already increased their customer focus in response to commercialisation.

Under the *Water Supply (Safety and Reliability) Act 2008*, a WSP must have a customer service standard if the WSP does not have a supply contract with all of its customers. The customer service standard must state the following—

- (a) the level of service to be provided by the service provider;
- (b) the process for service connections, billing, metering, accounting, customer consultation, complaints and dispute resolution;
- (c) any other matter stated in guidelines, if any, issued by the regulator for preparing customer service standards.

The position of each party within this relationship may be characterised as follows.

### **The customer's position**

The position of the typical water service customer is characterised by:

- the right to expect an agreed minimum standard of service;
- a desire for consistent satisfaction with services delivered;
- a range of perceptions on water service issues, both informed and uninformed;
- the responsibility to make reasonable payment for services and to comply with relevant regulations; and
- a need for information on which to base informed choices on services, for instance on:
  - public health implications;
  - environmental impacts;
  - service standard/cost trade-offs (e.g. for reliability of water supply); and
  - alternative service delivery approaches (e.g. use of bottled water, on-site versus centralised wastewater disposal).

### **The WSP's position**

The position of the typical WSP should be characterised by:

- an obligation and commitment to maintain a minimum standard of service;
- the need to be responsive and accountable to customers;
- the responsibility to comply with relevant regulations;
- the right to exercise its statutory powers in delivering services;
- an obligation to keep abreast of industry trends and best practice; and
- (for commercialised or corporatised WSPs) an obligation to keep abreast of marketplace trends.

## 5 MEETING SERVICE DELIVERY OBJECTIVES

Irrespective of the services provided, all WSPs can be expected to meet their service delivery obligations in the following principal ways:

- planning and establishing infrastructure;
- connecting customers to service networks;
- metering water supplied;
- operating and sustaining service networks;
- minimising service delivery costs;
- exercising statutory powers in constructing infrastructure, entering customer property etc.;
- fixing service tariffs and other charges;
- billing customers and collecting payments;
- informing customers;
- investigating service complaints;
- resolving disputes over service delivery; and
- complying with regulatory requirements.

## 6 SETTING SERVICE STANDARDS

Apart from any legislative requirement, there are some good reasons why a WSP should establish an orderly basis for evaluating its service delivery:

- to provide ‘yardsticks’ on how well the WSP is meeting the needs and expectations of its customers;
- to give customers an objective basis for evaluating the services they receive;
- to help inform the WSP and its customers on how their services compare with those of other WSPs, through comparative performance monitoring (i.e. benchmarking);
- to help the WSP meet its statutory and internal reporting obligations; and
- to help evaluate the actual benefits of water resource policy reforms put forward by the Commonwealth of Australian Governments (COAG).

This orderly basis is usually achieved by defining a set of appropriate service standards.

### 6.1 Definitions

#### **Service standard:**

The quality or objective of a service that a WSP aims to achieve and maintain, measured in terms of the corresponding performance indicators, current service levels and targets.

#### **Performance indicator:**

A qualitative guide on service or infrastructure performance in terms of efficiency, effectiveness or compliance where measurable changes in performance are not (or cannot be) measured.

Any indicator adopted should be:

- relevant to customers and the WSP;
- easy to understand and interpret;
- easy to quantify;
- simple and cheap to measure;
- unambiguous and reliable in indicating performance;
- suitable for defining realistic service standards; and
- consistently defined to facilitate valid performance comparison.

**Performance measure:**

A quantifiable (sometimes qualitative) measure of the efficiency, effectiveness or extent of compliance of providing a service. Performance measures provide a more precise evaluation of performance than performance indicators.

**Current service level:**

The actual quality or level of a service currently being achieved, measured in terms of the corresponding performance indicator.

**Performance target:**

The service level for various performance indicators set by a WSP to be achieved within a specified timeframe.

## 6.2 Types of service standards

Service standards may involve direct or indirect measures of the service provided, depending on whether the characteristic being measured affects the customer directly or indirectly. Direct measures involve characteristics that are directly perceptible to the customer. Some typical examples of direct and indirect performance indicators are provided in Appendix A.

A service standard is defined by assigning a numerical or otherwise quantifiable target for the relevant performance indicator. It takes account of the current service level and the technical and financial feasibility of achieving the defined standard, as well as any prevailing regulatory or other mandatory requirements.

## 7 COMMUNICATING WITH CUSTOMERS

### 7.1 The need for communication

The confidence of water service customers in the ability of their WSPs to provide consistent high-quality services has suffered in recent years. This is the result of several factors, such as:

- contamination of potable supplies by blue-green algae, giardia and cryptosporidium;
- ‘dirty-water’ incidents resulting from manganese dissolution within raw water storages;
- the increasing incidence of sewage overflows from some deteriorating sewerage systems; and
- a range of water allocation and pricing issues, coupled with extreme climatic events, in respect of irrigation supplies.

As a result, WSPs are becoming more inclined (and in some cases obliged) to involve their customers in planning and service delivery decisions.

**Informing customers**

Customers’ perceptions of water services issues are often based on incorrect information, and this can create unnecessary concerns as well as communication barriers and conflicts.

If customers are well informed such problems can be minimised, and input from consultation will prove more valuable both to the WSP and ultimately to the community itself. This can be achieved to a degree by the WSP targeting particular individuals or community groups. In the longer term, however, it is more effective for the WSP to maintain a systematic communication program; this will ensure that all customers have access to authoritative information on which to form soundly based opinions. Typical issues on which customers need to be well informed include the following:

**Water services generally:**

- key water quality parameters (e.g. for irrigation);

- the benefits and techniques of water conservation (e.g. WaterWise – promoted by the DERM);
- pricing structures and trends;
- factors contributing to service costs (e.g. system operation, maintenance and administration new capital works depreciation); and
- the relationships between level of service, cost and environmental impact.

#### **Potable water supply:**

- key water quality parameters
- public health aspects of water quality (including disinfection);
- amenity/aesthetic aspects of water quality; and
- the pros and cons of bottled water and in-house filters.

#### **Sewerage:**

- the impacts of illegal connections and discharges to sewerage;
- the advantages and disadvantages of effluent reuse, especially potable reuse; and
- the environmental impacts of effluent disposal and links with level of sewage treatment.

#### **Consulting customers**

Consumers should be consulted on a range of service issues, for example to obtain their:

- views on major planning proposals;
- expectations regarding service levels and willingness to pay;
- level of satisfaction with existing services; and
- views on the likely environmental, social and economic impacts of existing and proposed WSP practices and infrastructure.

## **7.2 Options for customer communication**

### **Traditional approaches**

Mail-outs of brochures etc. with rate notices or bills are a traditional approach to the mass distribution of information by WSPs. It is a relatively cheap approach, but it may also be somewhat ineffectual.

Information is usually also made available at the customer service counter, in the form of brochures and posters. This is often the sole means employed by smaller WSPs.

### **Consultation**

The views and expectations of customers can be determined quantitatively through surveys, and qualitatively through customer committees, both of which require application of the right expertise and careful planning to yield valid results.

Surveys may be conducted by telephone or mail, or both, with the aim of:

- objectively measuring customer perceptions of service delivery;
- identifying key service characteristics;
- identifying more precisely the needs and concerns of customers; and
- identifying opportunities for improvement.

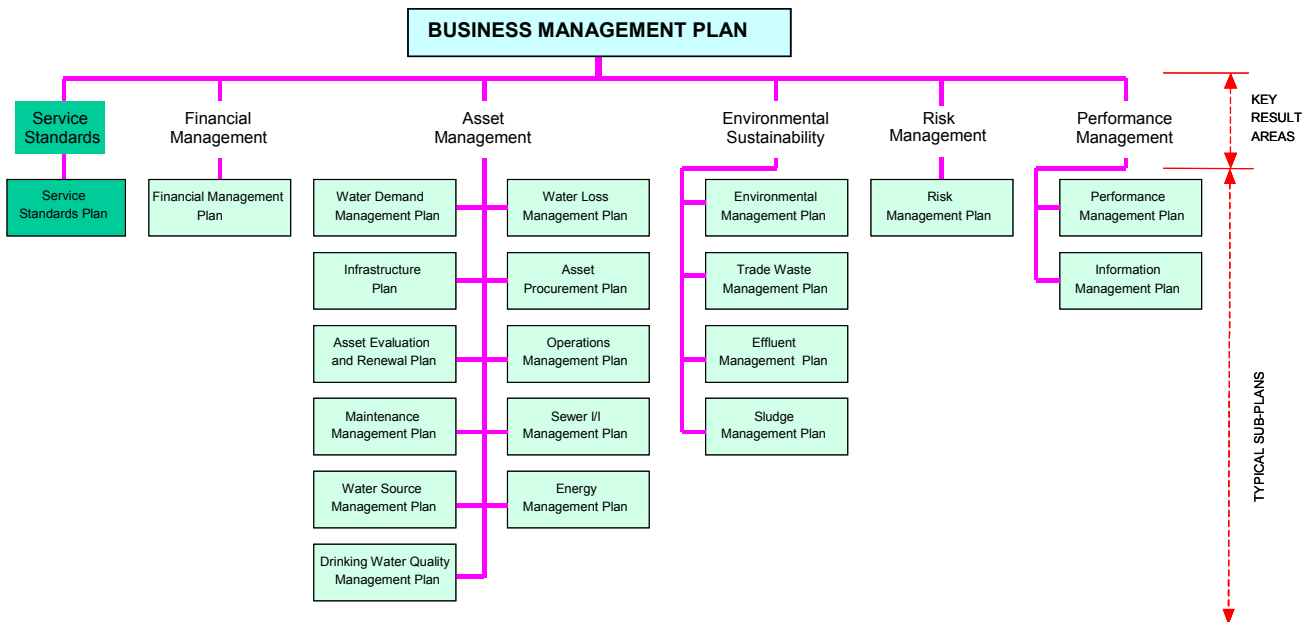
Customer committees are representative liaison groups initiated by the WSP. They can be used solely for consultation purposes, but are most efficiently used as two-way communication channels, for both consultation and disseminating information. They usually assume the following roles in consultation:

- gauging customer reaction on predefined topics of interest;
- identifying customer expectations or requirements of a product, system or service;
- identifying and prioritising areas of concern to customers; and
- evaluating customer willingness to pay for varying service levels.

If they are suitably selected and constituted, customer committees can prove a more effective communication mechanism than more traditional approaches.

## 8 SERVICE STANDARDS AND TOTAL MANAGEMENT PLANNING

Service standards are what drive any customer-oriented organisation. A WSP’s service standards should thus be the primary focus of strategic and operational management. This is reflected in the priority given to the key result area of service standards in the total management planning framework (see Figure 1 below).



**FIGURE 1: Service standards in the TMP context**

Each WSP’s TMP should include a sub-plan on service standards, aimed at establishing and maintaining a measured set of appropriate standards for the services being delivered. For WSPs providing potable water supply, a separate sub-plan for managing drinking water quality should also be included under the asset management plan.

The TMP should also include performance assessment processes (as part of the Performance Management Plan) to ensure, among other things, regular evaluation of the WSP’s service delivery performance against the established standards.

Guidance for setting service standards is set out in more detail in the Service Standards Implementation Guide.

## 9 REGULATION OF SERVICE STANDARDS

Due to the *Water Supply (Safety and Reliability) Act 2008*, the development and implementation of service standards in Queensland are now subject to a degree of regulation by the Department of Environment and Resource Management (DERM). This legislation seeks to ensure that WSPs, as monopoly service providers, implement appropriate systems and processes for ensuring the reliability and supply of an essential service.

Where no specific commercial contract has been negotiated with customers, a WSP must produce a **customer service standard** stipulating what services it will provide to the customers and how it will interact with them. The customer service standard represents a formal undertaking or commitment by the WSP to maintain certain service standards, and must address such things as:

- range and level of services to be provided;
- metering and billing;
- complaints procedure;
- dispute resolution; and
- consultation/communication.

In effect, a customer service standard constitutes a charter of customers' rights and the WSPs' powers and obligations.

## APPENDIX A: Examples of direct and indirect performance indicators

Service type	Type of performance indicator	Typical performance indicators
All services	Direct	<ul style="list-style-type: none"> <li>▪ Percentage of telephone calls answered within 20 seconds</li> <li>▪ Percentage of billing inquiries resolved within 1 day</li> </ul>
Potable water supply	Direct	<ul style="list-style-type: none"> <li>▪ Number of days restrictions applied per year</li> <li>▪ Percentage of service interruptions responded to within 5 hours</li> </ul>
	Indirect	<ul style="list-style-type: none"> <li>▪ Number of main breaks per 100 km of mains</li> <li>▪ Scheme operating cost per 100 km of mains</li> </ul>
Sewerage	Direct	<ul style="list-style-type: none"> <li>▪ Interruption frequency per 1000 properties</li> <li>▪ Odour complaints per 1000 properties</li> </ul>
	Indirect	<ul style="list-style-type: none"> <li>▪ Sewer main chokes and breaks per 100 km of main</li> <li>▪ Frequency of sewage overflows per 100 km of sewer and rising mains</li> </ul>
Irrigation water supply	Direct	<ul style="list-style-type: none"> <li>▪ Frequency of supply requests where delivery commences within <math>x</math> hours</li> </ul>
	Indirect	<ul style="list-style-type: none"> <li>▪ Percentage water loss per 100 km of channel</li> <li>▪ Scheme operating cost per 100 km of channel</li> </ul>