Attachment 2

Customer and community engagement

30 June 2022

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2.1 Introduction

2.1.1 Let's Talk Water and Wastewater

This attachment provides an overview of our engagement journey, a summary of key insights and more detail about the conversations we had with customers that underpin our 2023–28 price proposal.

Our vision is to be a valued partner in the community. We strive for ongoing dialogue with our customers and stakeholders and for these conversations to translate into meaningful outcomes for the ACT community.

Over many years we have been building our understanding of what our customers and the community value through our ongoing customer sentiment and perception research. For our 2023–28 price proposal we have built on this research and created deeper connections with our customers, stakeholders and the Australian Capital Territory (ACT) community.

In 2021 we launched our Customer and Community Strategic Engagement Program (the engagement program) to put the ACT community front and centre so that future business strategies and investment decisions accurately reflect their priorities and expectations.

It is clear from previous research and more recent engagement with the ACT community that there is enormous value placed on water security and water conservation. What we do matters to the ACT community, and we were eager to have in-depth and complex conversations to inform our strategic direction.

The engagement program spanned decisions that need to be made in the short-term (e.g., levels of service) as well as beginning some long-term conversations that will continue over many years on topics such as water security and alternative supply options, liveability and sustainability.

Box 2-1: Key points

- The reach of the engagement program was significant – we engaged with more than 17,500 people using a range of engagement activities. Participant input was rich and we captured views from across the spectrum of our customers – from single-household customers to small and large business (refer to Figure 2-1 for an overview).
- Through these activities we explored a wide range of topics including priorities for water security, service standards and customer experience, affordability and tariffs. This has led to the following five customer expectations:
    - The community agrees with the need to continue to **plan for the future**, this includes investing in water security and exploring alternative water sources.
    - There is community support for achieving **greater environmental sustainability** and accelerating net zero while limiting impact on customer prices.
    - The community is committed to Icon Water **maintaining** quality and reliable **core services** and is willing to pay something towards reducing interruptions or issues for those who experience them more than usual.
    - **Affordability** should underpin any investment decision. If we need to invest to avoid causing issues in the future, we will consider support for **vulnerable customers** and other impacted customer segments.
    - The community considers Icon Water an essential service provider. To be a **valued partner** in the community customers want us to **be more visible** – this means being targeted in our partnering initiatives, education and supporting activities, and proactively talking about it with the community.
- What we heard from the ACT community on these topics has shaped our plan for the 2023–28 regulatory period (refer to Table 2-1 for more detail).

Figure 2-1 Engagement program overview

Source: Icon Water Customer and Community Strategic Engagement Project Report – SEC Newgate Australia

Table 2-1: Customer and community engagement feedback

What we heard	Our response
The community agrees with the need to plan for the future, this includes investing in water security and exploring alternative water sources	Over many years we have been building our understanding of what our customers and the community value through our ongoing customer sentiment and perception research. For this price proposal we have built on this past research and created deeper connections with our customers, stakeholders and the ACT community. In the 2023–28 regulatory period we will continue to build these connections through engagement with the ACT community on key strategic decisions and investments occurring over the next five years. For example, deeper exploration of future water sources to ensure ACT water security and how we can best meet the wastewater treatment needs of a growing ACT population.
There is community support for achieving greater environmental sustainability and accelerating net zero while limiting impact on customer prices	We're already making progress in this space, for example through No opportunity wasted and our Climate Change Adaptation Plan, but can do more. In the 2023–28 regulatory period we will continue to explore local reuse partnerships and engage with the ACT community about key environmental decisions, such as the technology to replace the furnaces at Lower Molonglo Water Quality Control Centre (LMWQCC).
The community is committed to Icon Water maintaining quality and reliable core services and is willing to pay something towards reducing interruptions or issues for those who experience them more than usual	As part of our *Let's Talk* engagement program we learnt more about what quality and reliable service means to customers, and as outlined in **Attachment 3: Service standards**, have made some adjustments to our service levels to better reflect customer expectations and values. This includes refined or new targets to measure customers with repeat interruptions in a year, the length of interruption and crew responsiveness.
Affordability should underpin any investment decision. If we need to invest to avoid causing issues in the future, we will consider support for vulnerable customers and other impacted customer segments	Right now, we are in a period where we are having to make significant investment to replace ageing assets and increase capacity to accommodate Canberra's growing population. Through our *Let's Talk* engagement program, customers told us which investments are most important to them and this has been considered in setting our priorities and projects for the 2023–28 regulatory period. We will continue this engagement to ensure our investments continue to be informed by the ACT community. During the COVID-19 pandemic we increased the financial support available under our Staying Connected hardship program and expanded it to include small business customers. The ACT community told us that affordability is important to them, and in particular ensuring appropriate support mechanisms are in place for vulnerable customers. We are going to engage with customers from these cohorts to learn through their lived experience, and seek advice from their advocates, to review our existing support mechanisms and design how to best support customers in the future.
The community considers Icon Water an essential service provider. To be a valued partner in the community customers want us to be more visible – this means being targeted in our partnering initiatives, education and supporting activities, and proactively talking about it with the community.	Some of our customers feel like 'no news is good news' when it comes to hearing about or from us. They believe focussing on great water and good service is enough. On the other hand, some customers believe that to achieve our vision we need to be more visible. In 2023–28 we will maintain a focus on water and wastewater literacy and will consider how we can most effectively target our partnering and educational activities to best support the key values of our customers. This will include ongoing engagement with the ACT community and our customers on key topics including water security and projects planned around Canberra.

2.2 Key insights

2.2.1 Customer values

Our customers value reliable water and wastewater services, quality drinking water, affordable pricing and responsive customer service, above all else.

2.2.2 Customer expectations

Our customers have clear expectations and priorities for how we plan and invest in the future. Water security, environmental sustainably, maintaining quality, affordability and being more visible throughout the community are the key areas of focus our customers highlighted and will now inform our strategic approach.

The community agrees with the need to continue to **plan for the future**, this includes investing in water security and exploring alternative water sources.

There is community support for achieving **greater environmental sustainability** and accelerating net zero while limiting impact on customer prices.

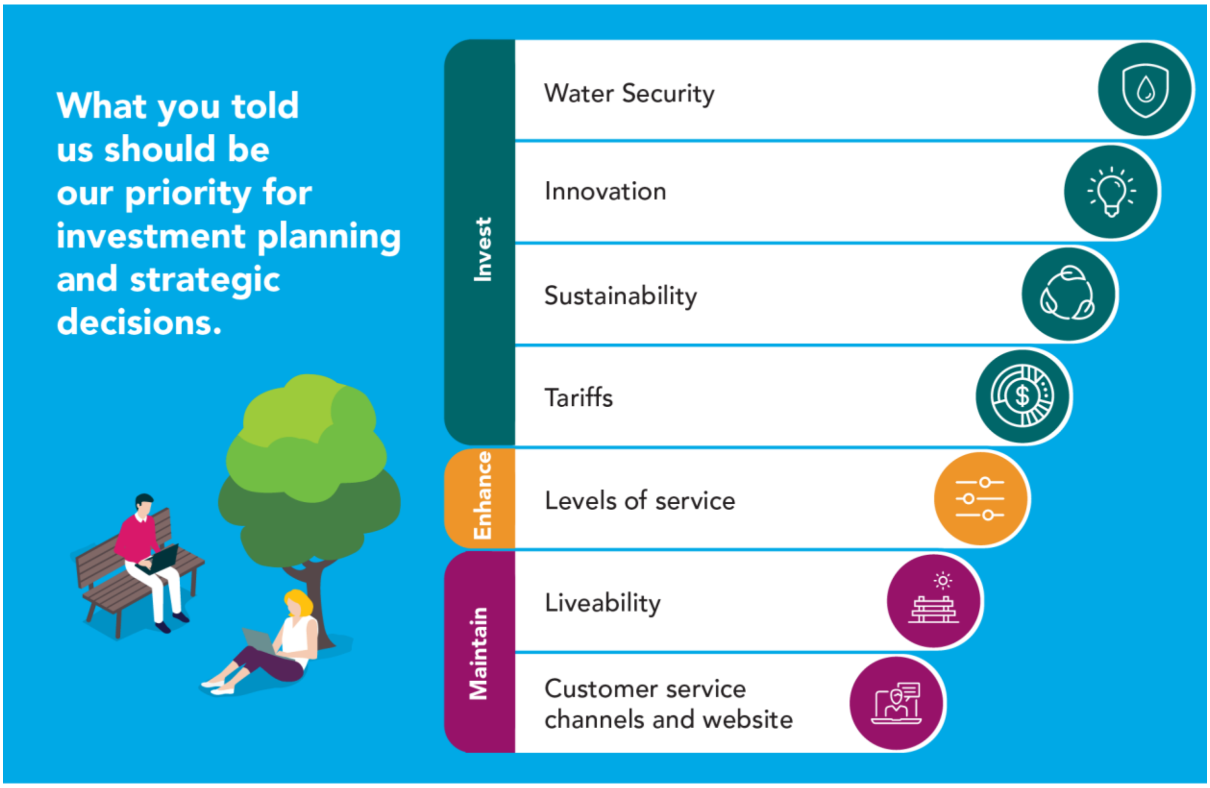
The community is committed to Icon Water maintaining quality and reliable core services and is willing to pay something towards reducing interruptions or issues for those who experience them more than usual.

Affordability should underpin any investment decision. If we need to invest to avoid causing issues in the future, we will consider support for vulnerable customers and other impacted customer segments.

The community considers Icon Water an essential service provider. To be a valued partner in the community customers want us to be more visible – this means being targeted in our partnering initiatives, education and supporting activities, and proactively talking about it with the community.

2.2.3 Customer prioritisation of strategic and investment decisions

Our customers clearly identified several areas for future investment and prioritisation, with water security, innovation, sustainability and tariffs highlighted as the most critical areas of focus. Customers asked that we also consider enhancements to our levels of service. While there was also an expectation that Icon Water continues to promote liveability and maintain our customer service channels/website, these were seen as lower priority for customers.



Box 2-2: Some of the interesting things we learned

- Canberrans were very open to discussing complex topics, particularly when they could build their understanding over time. We observed this when discussing alternative water sources and specifically the use of purified recycled water for drinking.
- There was an understandable depth of feeling regarding the use of water on community sports fields, particularly during a drought when access to water is restricted. This raised the question: which land uses should have water restrictions applied earlier, and which should have this occur later?
- When providing views on investment decisions, customers and community members consistently wanted to know about the impact on customer bills. In particular, how the change could impact affordability for vulnerable customers. This was the case for Icon Water's possible accelerated target to reach net zero greenhouse gas emissions, where there was high levels of support for acceleration but 'not at any cost'.
- In general community members are much more likely to value a change if they are directly impacted, however there were also those who were conscious about equity outcomes for different groups, and who were willing to pay something towards reducing interruptions for those who might experience them more often than usual. Surveys of over 2,500 residential bill-paying customers demonstrated there was an acceptable price point in which the broader customer base was willing to pay towards achieving a more equitable experience.

2.3 Our engagement journey

2.3.1 Our approach to methodology design

In partnership with SEC Newgate, we designed an extensive and deliberative suite of engagement activities where the public had a central role in refining methodology as the engagement program progressed.

Activities used a blend of engagement and research tactics – providing opportunities for qualitative and quantitative data captured through briefings, deliberative discussions, surveys and a willingness to pay study. Activities were supported by a number of proactive outreach tools. The public were directed to the engagement program webpage and open survey, housed on our community feedback platform Let's Talk Water and Wastewater.

To capture the views across the ACT, the engagement program engaged with customer groups, industry and community stakeholders. Within these groups, we recognised the importance of speaking with the following community sectors to understand and respond to their specific needs and interests:

- financially vulnerable customers
- Aboriginal community members
- environment groups/advocates
- not-for-profit organisations.

The engagement program was flexible and iterative where necessary, evolving to respond to participant priorities. Participants had a direct say in how we engaged, and the priorities we needed to consider in our forward strategic and investment planning.

Our engagement program was designed around the following topics:

- awareness, knowledge of and sentiment towards Icon Water
- customer service channels and website
- investment in wider liveability outcomes
- levels of service during water or wastewater outages
- future water security measures
- use of technology
- sustainability initiatives
- tariffs and customer affordability.

Customer Advocacy Forum

A Customer Advocacy Forum was established to provide ideas and feedback to inform the development of the engagement program. The forum comprised of representatives from ten peak bodies and key community groups. The forum met six times throughout the engagement program.

The meetings were an opportunity for the representatives to provide feedback on the process, to listen to presentations from Icon Water about the potential strategy and investment areas and to provide input into how they think we should proceed in the future.

Representatives from the Independent Competition and Regulatory Commission (the Commission) observed meetings one, three, four, and five.

2.3.2 Our engagement objectives

The engagement objectives were extensive and established corporate, community, and regulatory accountability. Figure 2-2 outlines the objectives we incorporated into our Engagement Program

Figure 2-2: Engagement program objectives

Icon Water objectives

- Engage in a meaningful way.
- Have informed, timely and transparent conversations.
- Use insights to inform decisions.

ICRC Objectives

- Promote effective competition in the interests of consumers.
- Facilitate an appropriate balance between efficiency and environmental and social considerations.
- Ensure non-discriminatory access to monopoly and near-monopoly infrastructure.
- Increase community awareness and understanding of issues related to the ACT water business

IAP2 Objectives and Core Values

- Objectives: engagement for this project will seek to inform, consult, involve, and collaborate with stakeholders and the local community
- Core values: our approach to engagement will be underpinned by IAP2 core values, which encourage inclusive and meaningful public participation, where those affected are able to be involved in the decision-making process

Customer Advocacy Forum

Criteria proposed by and for the group includes:

- We have clarity of purpose and scope
- We have the ability to consult with our broader community of stakeholders
- Information is transparent and helps to inform our decisions
- We have considered the inclusion of the right groups
- We have the ability to participate constructively
- We are heard and recorded accurately
- We are inclusive and encourage equity and diversity

Source: Icon Water Customer and Community Strategic Engagement Project Report – SEC Newgate Australia

2.3.3 Alignment with IAP2 core values

Our engagement partners, SEC Newgate, are certified practitioners who are trained in the application of the International Association for Public Participation (IAP2) framework and assisted us in designing and delivering the Engagement Program.

The public participation spectrum shown in Figure 2-3 is designed to assist with the selection of the level of participation that defines the public's role in any community engagement program. The spectrum is used internationally and is found in public engagement plans around the world.

Figure 2-3: IAP2 framework for public participation

INCREASING IMPACT ON THE DECISION

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Source: Icon Water Customer and Community Strategic Engagement Project Report – SEC Newgate Australia

The level of participation is informed by the goals, timeframes, resources and levels of concern in the decisions to be made. Most importantly, the spectrum sets out the promise being made to the public at each level of participation. Our engagement program sought to inform, consult, involve and collaborate.

A summary of how the IAP2 core values were considered in the design of our engagement program methodology is detailed in Table 2-2.

Table 2-2: How the engagement program considered the IAP2 core values

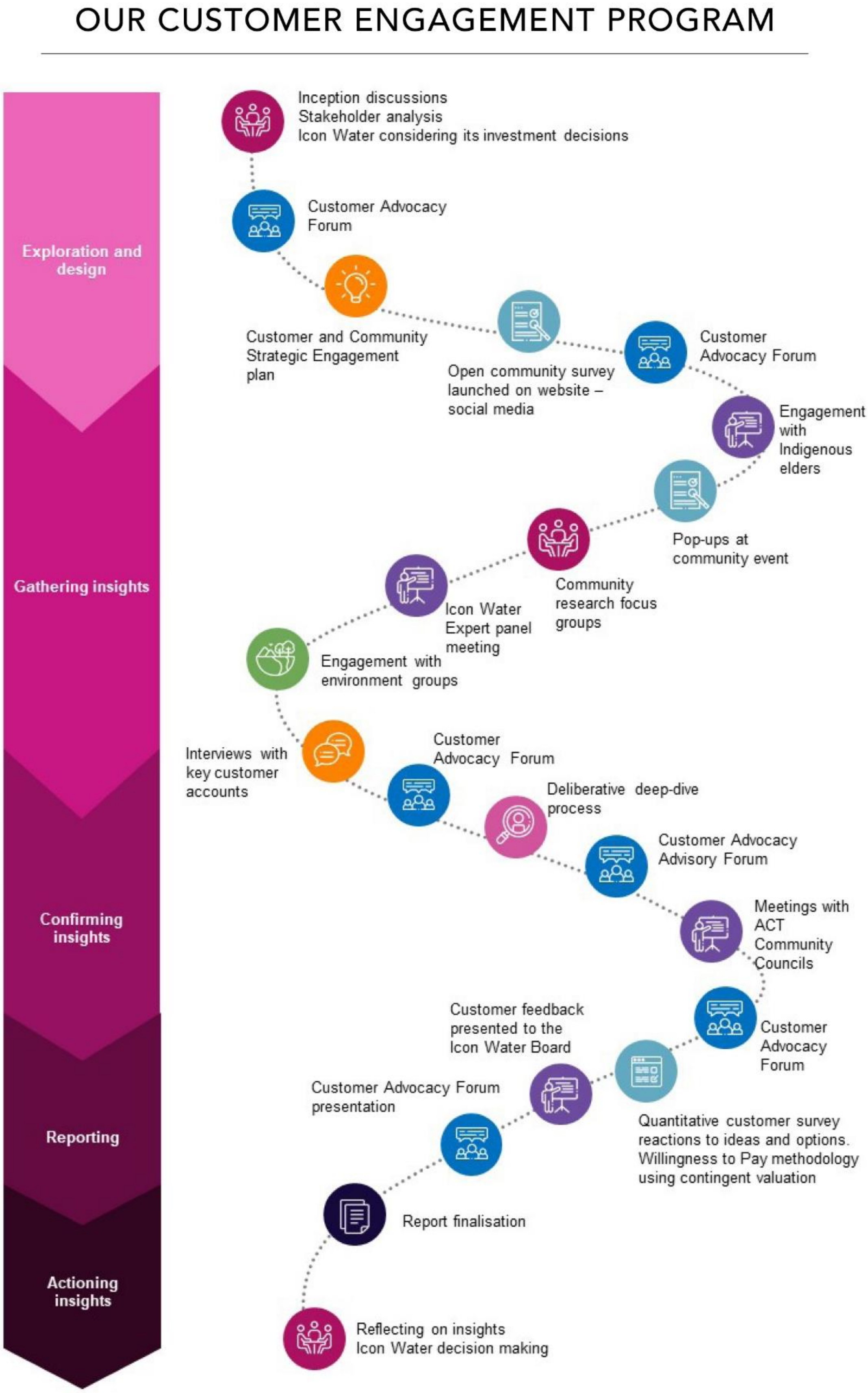
IAP2 core values	Example of how this was considered in the design of our project methodology
1 Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.	The community was invited to participate in the engagement program. Targeted identification of participants occurred through a deep-dive scoping exercise against the organisational decisions to be made as a result of this engagement program. All those engaged were distinctly relevant to the engagement program and their feedback will directly feed into Icon Water's forward planning and decision making.
2 Public participation includes the promise that the public's contribution will influence the decision.	Input from participants was needed to determine Icon Water's priorities for the 2023–28 regulatory period and for longer-term strategic planning. This outcome was communicated to participants at each activity. Icon Water made a commitment to report back on findings and how these have been included in the 2023–28 price proposal. A summary of insights is available on Let's Talk.
3 Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.	The engagement program recognised the need for flexibility to meet the needs and interests of participants and decision makers. This meant giving more time to certain topics or creating additional opportunities for discussion.
4 Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.	Using the initial scoping exercise, we determined all those affected by Icon Water's upcoming strategic and financial investment decisions and therefore the segments and stakeholders that needed to be included in the engagement program. All identified segments were engaged with. This was achieved through wide-reaching activities such as open surveys and social media promotion, and the use of recruiters to capture required demographics and societal cross-sections.
5 Public participation seeks input from participants in designing how they participate.	The engagement program methodology was adjusted at multiple points to better address the needs and interests of participants and decision makers. This included returning to participants for deeper dive discussions to complement the evolution of thinking as participants built their knowledge of each topic area.
6 Public participation provides participants with the information they need to participate in a meaningful way.	We worked hard throughout the engagement program to provide the right information and level of detail participants required to participate meaningfully (particularly related to impacts to customer charges). We took on feedback at multiple points and our efforts to improve the information were often recognised and praised by participants.

	IAP2 core values	Example of how this was considered in the design of our project methodology
7	Public participation communicates to participants how their input affected the decision.	Most participants were able to see in real-time the impact of their feedback, particularly when it resulted in changes to the methodology. Icon Water's commitment that participants' feedback will shape future business strategies was clearly communicated.

2.3.4 Our engagement roadmap

We adopted a four-phased approach to encompass a blend of engagement and research tactics. Our engagement roadmap outlines the four phases and engagement activities completed.

Figure 2-2. Engagement roadmap



Source: Icon Water Customer and Community Strategic Engagement Project Report – SEC Newgate Australia

2.3.5 Who we engaged with

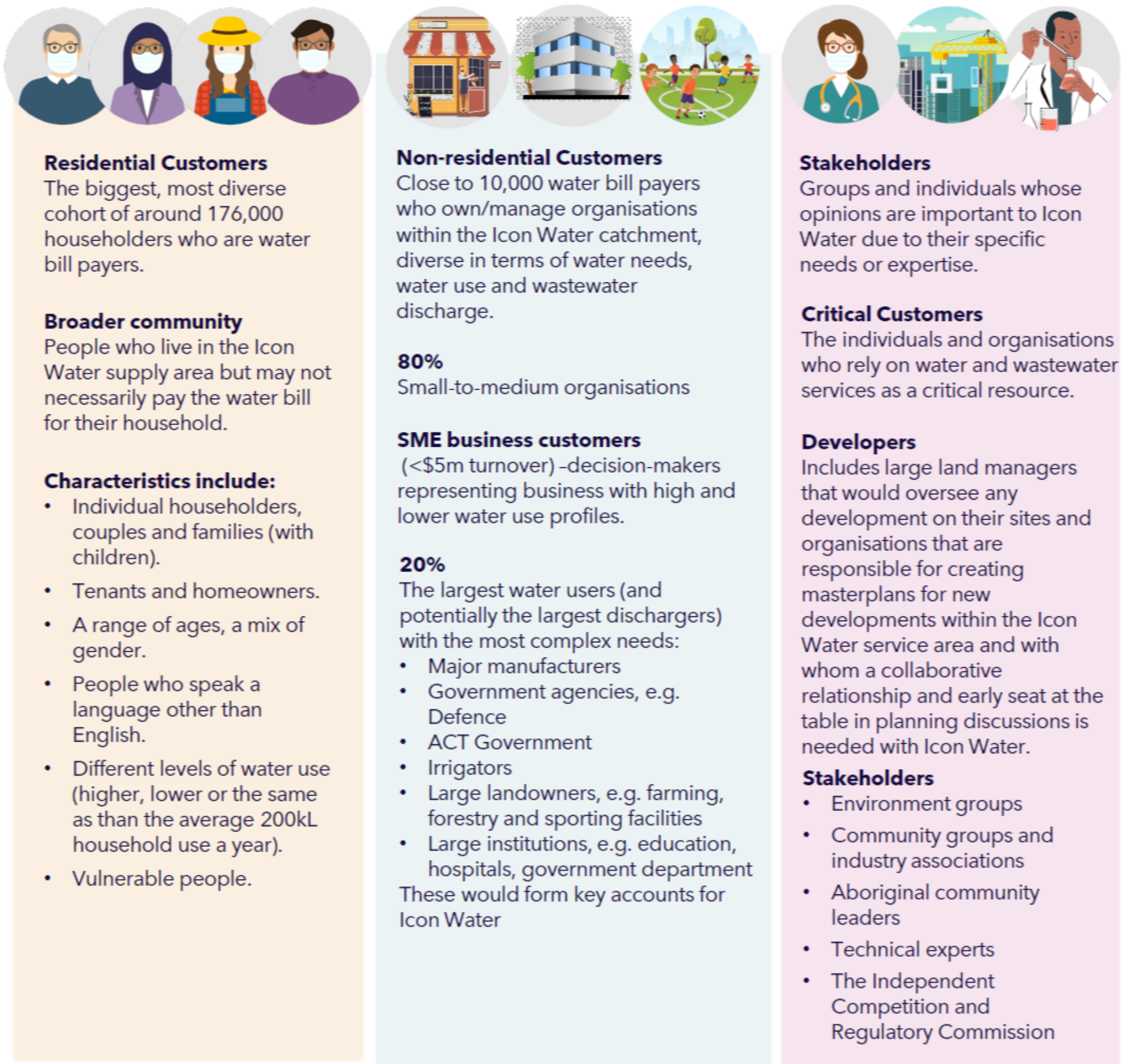
To capture views from across the ACT, we engaged with all our customer groups (see Figure 2-3) as well as industry and community stakeholders. Within these groups, we were keen to engage with the following cohorts to understand their specific needs and interests:

Aboriginal community members: five Aboriginal community organisations and eight Ngunnawal elders were contacted with information on the engagement program and an invitation to participate. We met one-on-one with one Ngunnawal Elder, and a member of the Aboriginal and Torres Strait Islander Elected Body participated in the deliberative deep-dive process.

Financially vulnerable customers: recruitment sought to capture a portion of participants who self-identified as experiencing some difficulty in making ends meet or having a lot of difficulty covering basic household expenses. Financially vulnerable customers and community members comprised 12 per cent of focus group participants, 10 per cent of deliberative deep-dive participants and 11 per cent of quantitative residential customer survey participants.

Not-for-profit organisations: it was clear this group has unique issues and interests. To properly address and discuss these, a dedicated one-on-one meeting was held with four not-for-profit representatives.

Figure 2-3. Customer groups



2.3.6 Engagement activities and reach

Our 2023–28 price proposal is underpinned by engagement activities which formed the 'pillars of evidence'. Individual spectrum levels are listed below against each activity, but overall, engagement activities built on the findings from the preceding activities so we can be confident we were asking customers the right questions, and that we can rely on insights for our strategic and investment planning.

Table 2-2: Detail of engagement activities – 'the pillars of evidence'

Engagement activity		IAP2 spectrum level	Detail	Reach
Foundational activities	Annual customer satisfaction survey – June 2021[1]	**CONSULT**	▪ 20-minute phone survey ▪ 300 residential customers ▪ 150 non-residential customers ▪ 50 high consumption customers	**500**
Foundational activities	Quarterly 'pulse' surveys [1]	**CONSULT**	▪ 10-minute phone survey ▪ 1,000 Canberrans – August 2020 ▪ 1,000 Canberrans – November 2020 ▪ 1,000 Canberrans – February 2021 ▪ 1,000 Canberrans – May 2021 ▪ 1,000 Canberrans – August 2021 ▪ 1,000 Canberrans – November 2021	**6,000**
Foundational activities	Water Services Association of Australia's National Perception Survey – July/August 2021[1]	**CONSULT**	▪ 8,618 participants from across Australia and New Zealand (34 water utilities) ▪ 403 Canberrans	**403**
Engagement program activities	Focus group sessions	**INVOLVE**	▪ Broad exploration of topics over 2 hours with a recruited mix of people broadly representative of the ACT demographic ▪ 4 groups | 5-6 participants per group	**25**
Engagement program activities	Social media posts	**INFORM**	▪ 16 posts ▪ Facebook | 2,077 followers ▪ Twitter | 2,537 followers ▪ LinkedIn | 2,697 followers	**7,311**

[1] Icon Water foundational activity that informed the engagement program.

Engagement activity	IAP2 spectrum level	Detail	Reach
Community pop-up displays and intercept surveys	**CONSULT**	▪ Gungahlin Community Market – short discussions and a 5-minute survey (Due to the COVID-19 lockdown this style of engagement activity had to cease shortly after this event).	**43**
Open community survey	**CONSULT**	▪ 5-minute online survey ▪ Open to the whole ACT community from July 2021 to October 2021	**487**
Deliberative deep-dive process	**INVOLVE**	▪ Detailed discussions over 3 stages (nine hours total time commitment) with a recruited mix of people broadly representative of the ACT demographic	**51**
Presentations to community groups	**CONSULT**	▪ Discussions on select topics of interest to the group ▪ 7 presentations to groups such as Aboriginal elders, ACT Community Councils and not-for-profit organisations	**56**
Environment group representatives	**CONSULT**	▪ 3 environmental groups represented to discuss topics such as accelerating to net zero and waste management investment	**3**
Icon Water Expert Panel	**CONSULT**	▪ Detailed discussions with academics (water experts) on the topics of: – accelerating to net zero – water security – waste management.	**6**
Stakeholder interviews	**CONSULT**	▪ Short discussions and consistent questions/survey with key account customers (large water consumers) and developers	**8**

Engagement activity		IAP2 spectrum level	Detail	Reach
	Customer Advocacy Forum	**COLLABORATE**	▪ Discussions on each topic over six two-hour sessions with 10 people from a range of ACT peak groups	**10**
	Quantitative survey and willingness-to-pay analysis	**CONSULT**	▪ 20-minute survey open during November and December 2021, with a recruited mix of residential customers broadly representative of the ACT demographic	**2,645**

A section within the quantitative customer survey focussed on establishing customer willingness to pay for specific service propositions across three areas – digital meters, wastewater interruptions and water interruptions. This mix of topics enabled us to test levels of service and investment in some of our core services (ie. water and wastewater interruptions) and confirm appetite for adopting emerging technologies in the utility sector (ie. digital meters). The order in which the scenarios were shown was randomised, with a randomly selected price point for each decision (either $5, $10, $20, $50, or $100) to cover all possible price point combinations across the sample. Participants were asked if they accepted or rejected paying for the price point of each scenario and were given opportunities to review and change their answers once they were aware of the financial impact of all the decisions they had made.

2.3.7 Impact of 2021 lockdown for the COVID-19 pandemic

Part way into the engagement program, the ACT went into a lockdown due to the COVID-19 pandemic. Many of the activities planned in the original engagement plan were in-person (the pop-up stalls for example) and therefore needed to be quickly converted to an online format, while maintaining the engagement program's intended levels of interactivity and engagement.

We adapted and became well-versed in several online data-capturing interactive tools and included additional activities to ensure the scope of engagement remained wide-reaching.

2.4 The conversation

2.4.1 What we asked

Engagement questions (refer to Table 2-3) were designed to gauge people's level of acceptance of key strategic business and investment decisions and to ultimately build understanding among decision-makers on what customers and the community need, value and expect from their water and wastewater services.

Preliminary insights from early discussions around these questions resulted in an adjusted methodology so participants could return to some topics for a more nuanced debate, and determined the need for a willingness to pay study as part of the engagement program.

Table 2-3: Strategic and investment decisions requiring deeper understanding

Topic	Questions to be answered to inform our decisions
Awareness, knowledge of and sentiment towards Icon Water	• What do people expect from Icon Water as a valued community partner? • What is the community level of awareness of Icon Water campaigns and water knowledge generally?
Customer service channels and website	• How do customers expect to be able to reach and interact with Icon Water? How does this compare to current experiences? • What level of customer interest is there in being able to track the status of enquiries and applications, and to have a single account view? • What is the level of interest in new website functionality that maps faults and outages in real-time? • How supportive would developers be of a 24/7 self-service option for plan submission and compliance assessment?
Investment in wider liveability outcomes	• What role should Icon Water have in liveability in Canberra?
Levels of service during water or wastewater outages	• What do customers currently do when they have a fault or emergency? • How should Icon Water respond to faults and emergencies? • How satisfied are customers with current planned maintenance levels? • How well is Icon Water supporting large customers in achieving their water efficiency goals? • What levels of service do customers expect during water supply interruptions and wastewater pipe blockages and overflows? • Do customers desire a level of service equity across different geographic areas with a potential increase in fees to achieve this?
Future water security measures	• How open are people to Icon Water exploring future alternative water options? • How open are people to having temporary water restrictions introduced earlier?

Topic	Questions to be answered to inform our decisions
Use of technology	• How open would people be to digital meters being implemented for all customers? • How much should Icon Water invest in water supply, wastewater treatment, resource recovery or greenhouse gas reduction through research and development?
Sustainability initiatives	• How open would people be to Icon Water investing more now to reach net zero greenhouse gas emissions ahead of the ACT Government's 2045 target? • How open would people be to Icon Water investing in expanding its resource recovery efforts?
Tariffs and customer affordability	• Is the balance between fixed and variable components in water tariffs appropriate? • How open are people to Icon Water continuing to rebalance its tariffs towards a higher fixed service charge and reducing the usage charge? • Is there a desire for a non-residential tariff to replace the two-tier charge for some high water use customers?

2.4.2 What we heard

Water security

- **How open are people to Icon Water exploring new alternative water sources?**
- **How open are people to earlier temporary water restrictions?**

Across all engagement forums participants acknowledged that water is a valuable and finite resource. This perception was potentially heightened by experiences of drought conditions and concern about the impact of population growth, climate change and bushfires on future water availability.

When asked to identify areas for Icon Water to focus on, water security initiatives (such as increasing water storage) and educating the community on water-saving behaviours were top of mind across stakeholder, customer and community audiences.

In a discussion with a Ngunnawal Elder, water was described as one of the most important elements of Country and a strong feature, creatively and educationally, in Aboriginal storytelling.

Future alternative water options

Most stakeholders, customers and community members supported Icon Water exploring future alternative water options. They felt that more mechanisms and infrastructure to capture and reuse water should be implemented where possible. Further, Canberrans would potentially be more likely than other jurisdictions to embrace exploring alternative water sources and that the ACT could become a leader in this space.

While overall levels of support were high for exploration of all options tested, some residential customers and community members raised concerns around the potential for contaminants in reused and recycled water, particularly for drinking. Evidence and community education would be required to help build reassurance and acceptance.

Large water users were particularly in favour of Icon Water exploring increased access to recycled water and greater water collection and reuse. Some expected this water to be supplied at a cheaper rate than drinking water.

Due to cost concerns and environmental risks regarding groundwater and desalinated water, these options were the most polarising.

Introduction of earlier water restrictions

Opinion was mixed around the topic of introducing earlier water restrictions:

- Residential customers were more in favour of earlier restrictions than non-residential customers. Among residential participants there was soft resistance from a minority who thought they were already doing enough to conserve water. Those in favour saw restrictions as a sensible environmental initiative.
- Small to medium enterprise (SME) business customers were slightly less supportive of introducing earlier water restrictions compared to considering other water security measures.
- Large water users expressed the greatest level of concern towards introducing earlier water restrictions, due to the potential impact on their businesses.
- It was reported that restrictions would impact the maintenance and operations of larger properties, such as public open spaces and sporting fields. These types of water users require large amounts of water to operate effectively. If restrictions reduce their water access and thus ground maintenance activities, it would require significant effort and cost to restore properties to their normal standard in the post-restriction period. It was suggested that the community would likely not support restrictions if it meant public facilities such as sports grounds could not be properly maintained.
- For members of the Water Expert Panel, restrictions were seen as an unnecessary measure that should be treated as a last resort. Staged conservation measures were viewed as a 'better use of a finite resource', in order to minimise the impact on business operations and community facilities (such as green spaces and sporting fields).

Tariffs and affordability

- **Is the balance of Icon Water's water charges appropriate?**
- **How open are people to a non-residential water tariff?**

Icon Water's bills are seen as fair by the majority of customers. They are seen as expensive by a minority of residential and SME business customers, and by the majority of large water users.

- In the open community survey (n=2,645), of the participants who rated their satisfaction with Icon Water as 6 or less out of 10, 23 per cent gave expense or lack of affordability as a reason.
- In the deliberative deep dive process (n=51), 73 per cent of residential customers and SME business customers viewed Icon Water's bills as 'fair' or 'about right'.

Most large non-residential water users would like to see changes to the current tariff structure that reduces costs and incentivises water conservation. Large customers would support less 'red tape' surrounding the current structure to allow for greater flexibility in customer service regarding bills and payment.

Large customers from the Customer Advocacy Forum and interview discussions would like to see a tariff structure that discourages water waste, but which better financially supports those who rely on water to run their business.

Current water bill comprehension

There was a low level of comprehension of water bills by those in the deliberative deep-dive process:

- One-in-five said they completely understood their bill (slightly higher comprehension levels among SME business customers compared to residential customers).

Water tariff structures and charges

There is reasonable support among participants who were lower-volume water users for the two-tier tariff structure. One-in-four say on an unprompted basis that they value this two-tier structure to help curb unnecessary water use.

Participants in the Customer Advocacy Forum and the deliberative deep-dive process were presented with detailed information on three potential water tariff structures for the 2023–28 regulatory period:

A. **Customers pay a higher fixed supply charge:** the water supply charge continues to increase by $20 a year, as it has done in the 2018–23 regulatory period. This option minimises increases in usage charges.

B. **Take the middle road:** the water supply charge will increase by $10 per year, which is half the increase seen in the 2018–23 regulatory period. This results in a moderate increase in usage charges.

C. **Customers pay an increase in overall charges:** price changes will be applied uniformly across the water supply charge and usage charges. This option would mean there is no further tariff rebalancing towards higher supply charges. This results in higher usage charges compared to options A and B.

These options represent a spectrum of tariff rebalancing towards greater cost reflectivity (higher fixed charges). Option A has the highest level of rebalancing, while Option C has no rebalancing at all. All the options would result in the same level of revenue being collected by Icon Water, but they differ in terms of how much revenue is collected from fixed charges compared to usage charges.

There was general agreement among participants that a fair outcome needs to be achieved for:

- large not-for-profit water users who deliver a community service (eg. community sports clubs)
- low-income households who could struggle to afford a high supply charge and potentially the usage charge if they are a larger family and slipped into Tier 2 charges.

For this reason, an increase in overall charges (Option C) was slightly more preferred by residential customers. This tariff option gives all customers (irrespective of water usage) a similar percentage increase in their bills over the 2023–28 regulatory period. Larger water users and SME business customer participants favoured the higher supply charge (Option A). Some participants were concerned about the charges that large water users would be paying compared to low users, and these participants preferred Option B (the ‘middle road’ option).

Refer to **Attachment 12: Tariff structure and proposed prices** for the proposed tariffs for 2023–28.

Non-residential tariff concept

This tariff concept was presented as an idea only, without economic modelling, options to compare, or analysis of impacts. The conversations on this concept were brief and limited to the Customer Advocacy Forum and the deliberative deep dive process.

The idea of a non-residential tariff was generally supported in principle, and there was broad recognition that the high Tier 2 price created challenges for some larger customers. However, among residential customers, there was a perception that ‘big business’ and ‘big institutions’ could afford to pay their way. There was unprompted discussion in some forums about the need for a different tariff structure for large water users who use that water to provide essential community activities. When participants were asked about this concept, there was support in principle for a non-residential tariff for non-commercial, not-for-profit organisations. When participants explored the available mechanisms, some raised the idea of a subsidy but questioned whether such a subsidy should come from Icon Water or the ACT Government.

Customer service and website

- **Should Icon Water increase their investment in customer experience tools?**

Participants were asked about the extent to which they would like to see Icon Water invest in improving customer service experiences and systems, including investment in customer service and website improvements to make it easier to raise and track enquires and to see where outages are.

Noting that participants were generally satisfied with the current levels of service for water and wastewater outages, and good experiences among those who have previously contacted Icon Water, few participants were supportive of an increase in charges for upgrades to customer service tools. The ability to quickly log an issue, to receive follow up and to track status is considered by most participants to be part of the standard service (business as usual) and should be provided by Icon Water without increasing charges to customers.

A minority of participants felt that the proposed customer service upgrades would benefit Icon Water more than it would customers. As such, activities to streamline internal processes should be funded by Icon Water rather than customers. Similarly, a small number thought this would mean a smaller customer service team, minimising their ability to speak to someone directly.

Communication channel preferences

During an emergency such as a pipe burst or wastewater overflow customers want the ability to speak directly to a knowledgeable person immediately.

While the emergency is being resolved, participants want to receive regular updates by SMS or email as to when the Icon Water team will be on site and the expected timeframe for issue resolution.

For less urgent enquiries, a mix of channels were suggested by customer participants – telephone, email and/or web-form (with around half of participants mentioning each option).

The option of web chat was preferred by almost half of participants aged under 45 in the quantitative customer survey. Qualitative exploration of this topic in the focus groups revealed that younger participants would prefer to be able to multitask while having an issue resolved and/or be able to submit their enquiry straight away (and receive status tracking updates).

Website upgrades

In relation to improving customer experience and helping keep customers informed, there was some support for investment in the real-time mapping of outages and incidents on the Icon Water website.

This functionality was well-regarded by some participants in the focus groups as a way to help reduce bottle necks and response delays at the customer service centre caused by lots of customers calling to report the issue at the same time, particularly if the information provided included estimates of timeframe until resolution.

However, only a minority of participants (one-in-three or fewer) across a range of engagement tools would support an increase in charges/more spend in this area.

Sustainability

- **Should Icon Water invest more, now, to reach net zero emissions ahead of the ACT Government 2045 target?**

There were high levels of participant support for transition to net zero emissions ahead of 2045.

Climate change and the topic of transitioning to net zero was discussed unprompted by customers and community.

When asked what Icon Water could do to improve life in the ACT, many participants mentioned Icon Water should invest in net zero initiatives and commit to ensure water security in the face of a changing climate.

Across the investment areas but more notable in conversations regarding this topic, community and stakeholders believe given Icon Water's position as a large organisation and a large landowner in the ACT, all investments should be made with the intention to lead positive change and environmental outcomes.

A few participants raised questions about whether Icon Water should invest in speeding up the transition to net zero ahead of government targets, which they felt must have been set for a reason.

A minority of participants in the deliberative deep-dive process and the Customer Advocacy Forum were sceptical about the impact Icon Water cutting its greenhouse gas emissions would have, perceiving Icon Water to be a relatively low emitter.

However, when they were informed that Icon Water's emissions account for one per cent of the emissions for the ACT, several were surprised at how large Icon Water's contribution to ACT emissions are, and this changed their perspective.

Icon Water's efforts to reduce greenhouse gases and the potential impact of planned initiatives is a topic that stakeholders, customers and the community would value knowing more about. Some participants found it difficult to support this investment area without knowing what Icon Water is currently doing to reduce emissions and their related cost impacts. More information on this would be welcomed.

At the time of discussion, the Glasgow COP 26 Conference was underway and media coverage of this may have possibly elevated people's perceptions of the importance of this topic. Some participants talked spontaneously about the impact of bushfires and drought and linked these events to climate change.

- **Should Icon Water invest in expanding its efforts to recover resources?**

Many participants considered an expansion of resource recovery efforts could provide a wide array of benefits – for waste reduction, job creation, income from commercialisation and greater operational efficiencies. As a result, they felt that it would be an important area to focus on.

- On an unprompted basis many customers, stakeholders and community members discussed the importance of minimising waste and maximising reuse and recycling efforts.
- The majority of participants in the deliberative deep-dive process supported at least medium investment in this area, particularly if Icon Water could present clear outcomes and demonstrable returns to customers in terms of bill savings over the long term.

Very few participants understood the processes and activities involved in resource recovery. This raised questions around what the outcomes and customer benefits would be.

- Most participants had never heard of the outputs of resource recovery (for example, Agri-Ash and Biochar) and wanted more information about how the products could be used.

Investment in this space would need to be accompanied by customer and community education, particularly if a bill impact would result.

There was strong support for Icon Water to make targeted and well considered investments in expanding its resource recovery efforts.

- While seen as a good initiative, many participants wanted Icon Water to investigate the work already underway in this space in other organisations and jurisdictions to avoid 're-inventing the wheel' in research and development spending.
- They wanted Icon Water to focus on initiatives that would achieve cost-efficiencies and/or make revenue from commercialisation opportunities, with savings in expenditure and increased revenue passed on to customers via lower bills.

A few participants were concerned about investment in this area overlapping with investment in other sustainability areas such as net zero, effectively doubling the level of investment.

- Some participants questioned why net zero emissions, innovation and resource recovery were considered separate topics, as they presumed that these topics would be related, and that improving one area would help improve all areas.

Innovation and technology

- **Should Icon Water invest in order to innovate?**

Overall, there was majority support for Icon Water to focus on and spend more on innovation. Two-thirds of participants across a range of engagement tools supported more investment in this area. The current level of spending was seen as too low to achieve meaningful change.

Most participants wanted to see targeted innovation in processes and technology in areas that would improve environmental outcomes (eg. water quality in lakes and waterways), future-proof water security and increase operational efficiency.

There was an expectation that savings would flow back to customers in the form of bill savings from operational efficiencies implemented.

Some participants viewed innovation as an essential part of a forward-thinking organisation and had a sense of pride in Icon Water potentially taking a leading role in this space in the water industry. Some customers and community members wanted to see Icon Water and Canberra 'punch above their weight' and be world-leading.

However, a few participants had reservations about the level of investment that would be required for Icon Water to achieve significant outcomes, whether the investment into innovation would pay off, and if Icon Water should move beyond its essential services to focus on innovation at all.

Some participants noted that investment in innovation doesn't always or necessarily equate to demonstrable results and benefits to customers. This made them hesitate to see large investments in innovation unless there was some reassurance that specific projects would yield significant positive impact.

Some participants felt that innovation was beyond Icon Water's remit of providing essential water and wastewater services, and thought such innovations were better provided by other organisations with more resources or capacity. To move beyond support in principle, several customers want tactical and targeted spending on innovations that would ultimately deliver returns to them in the form of lower bills in the long term.

- **Should Icon Water reduce the timeframe for its digital meter program and do customers want to pay for this?**

There were good levels of participant support for digital meter technology implementation across all audiences:

- Many saw digital meters as a necessary technical evolution to provide customers more oversight of their use and charges, and to increase the accuracy of billing.
- Some customers saw digital meters to be a way to increase internal efficiencies at Icon Water and a way to reduce water overuse/loss.

However, there was confusion about the customer charges that would need to be paid, and this impacted openness to support a rollout, specifically:

- Why everyone would be charged a yearly fee from the commencement of the rollout instead of from when they have their digital meter installed. There was some resistance to this proposal, particularly from lower income residential customers who thought it was unfair.
- Why everyone would need to be part of the rollout. Some business and residential customers suggested that an 'opt-in' approach would be fairer ensuring that those who wanted a meter (and who could afford one) would pay the installation and ongoing fee.
- Why there would be an additional ongoing charge payable for a technical solution that would effectively cut-down on human resource required. While this was explained by the Icon Water representative at the deliberative deep-dive workshops some customers were still confused. Several participants said they would be happy to pay a one-off fee rather than an ongoing charge.

A few customer and community participants expressed minor concerns around privacy, which should potentially be addressed during the implementation of this program with supporting community information. These included concerns about Icon Water using the technology to target approaches to individual customers based on their water use, as well as concerns about data security, questioning whether the system could be hacked.

To better understand customer willingness to pay for digital meters, this topic was one of the three investment scenarios presented to participants as part of the quantitative survey. The results are outlined below, and show that 70 per cent of participants were willing to pay $12.93 per annum to have a digital meter installed at their property.

Log-logistic model	**Yearly amount over a 5-year period**		
	50% WTP (median)	60% WTP (+median)	70% WTP (+median)
To have a digital meter installed at their property	$53.09	$27.01	$12.93

Despite generally high-levels of support, customers did express some concern around the equity of the rollout and associated costs, as naturally not all customers would receive a digital meter in the first year of the rollout. A few minor concerns around privacy were also expressed. In the 2023–28 regulatory period, Icon Water will continue to investigate a rollout of digital meters for Icon Water customers and will further engage with customers regarding the equity concerns that have been raised.

Liveability

- **What role should Icon Water have in contributing to liveability in Canberra?**

There was differing support for Icon Water to have a role in contributing to wider liveability initiatives in the ACT. Liveability is a broad term and as a result a range of perspectives were provided.

Some participants considered Icon Water to already have this role as a provider of water and wastewater services – these essential services create community liveability.

Life is considered to be generally good in the ACT – few participants cited any major water or wastewater issues impacting liveability other than tree roots in water and wastewater mains or water quality in waterways and lakes.

On an unprompted basis, discussion about the liveability activities Icon Water could undertake extended directly from the core services it provides. The highest levels of support were seen across audiences for Icon Water's involvement in using recycled water to irrigate public spaces, as well as improvement of water quality in waterways and lakes.

If Icon Water extended too far outside their core remit the investments would result in large increases in charges. A role for Icon Water in contributing to liveability was considered a 'nice to have' rather than an essential service.

Several participants said they would prefer the investments in this space to come either internally from Icon Water or through Icon Water partnering with other government agencies, and not from charging (especially vulnerable) customers. These comments were made most often in relation to initiatives to improve the appearance of Icon Water assets and the larger infrastructure projects.

When data on potential bill charges was presented in the deliberative deep-dive process, almost four-in-five participants supported some level of charge impact, with one-in-four supporting the very high investment option (irrigated green space @ $3.73 per customer), commenting on the significant benefit 'for the price of a cup of coffee'.

Potentially due to concerns over charges, only one-quarter of quantitative customer survey participants (with no charge impact information) supported the idea of Icon Water spending more on liveability initiatives.

SEC Newgate noted that across engagement discussions, it was apparent that some customers and community members were not clear on Icon Water's remit, namely the fact that Icon Water does not control the ACT's urban waterways and lakes. Sentiment expressed by participants reflected their support for Icon Water to look at ways of extending their remit to allow for work in this space, such as partnering with the ACT Government on relevant projects. Overall, this discussion also related to the issue of greater community education, noting this lack of understanding of Icon Water's role and remit.

Levels of service

- **Should Icon Water improve its level of service for managing water and wastewater interruptions and outages?**

Water outages

Only a minority of participants had experienced water supply issues, and most were satisfied with the current level of service for managing outages. One-in-three participants in the deliberative deep-dive process and in the quantitative customer survey had experienced a water supply interruption. Of those who had experienced an interruption, the majority were positive about Icon Water's performance resolving it and only one-in-ten were negative.

- Feedback from those who felt positive focused on the rapid restoration of supply with minimal interruption, customers feeling 'kept in the loop' about when the team would be onsite, when work would be completed and in the advice Icon Water personnel provided, such as what to do about colour changes in water.
- Feedback from those who felt negative was directly related to those customers experiencing repeated interruptions.

Perceptions of what constituted responsive service in response to supply interruptions aligned well with current levels of service:

- Water supply typically restored within four to six hours. Most participants wanted resolution within half a day to a day.
- Provision of bottled water if supply has not been restored for 12-hours or more. This was considered by many to be an unexpected and well-regarded support measure.
- Advance notice of impending system maintenance (delivered two-weeks in advance) and provision of an estimate of when Icon Water would be there and how long the interruption to supply will last. Being kept in loop in relation to Icon Water's arrival onsite and estimated time to completion was considered important by many participants, to help manage their expectations.

Wastewater overflows

Only a minority of participants had experienced issues with their wastewater system and those who had generally reported positive experiences with Icon Water resolving the issue:

- Positive feedback focused on rapid restoration of supply with minimal disruption, good clean up and the customers feeling kept in the loop (as to when the team would be onsite and when work would be completed) and in clearly explaining the issues and the steps to resolution.
- Feedback from those who felt negative related to repeated overflows/blockages, as well as Icon Water being slow to attend. In part this delayed attendance was because of the need for the customer to prove the problem was with Icon Water and not on their property.
- The vast majority of participants were satisfied with the current level of service (when it was described to them). The main reasons for satisfaction given were the relatively low incidence of issues currently experienced on the network.
- Those dissatisfied with the current levels of service had either experienced high levels of issues themselves or felt that the six-hour time frame for resolution was too long for something that can be a health risk.

Service during a fault or emergency

Participants want the ability to report an issue by phone and speak to a knowledgeable Icon Water representative without delay, to have a team onsite within the hour and resolution within half a day to a day.

Particularly important was the ability for the customer to stay informed about the outage and time until resolution, ideally by SMS or email and/or updates on social media.

The majority of participants opted to maintain current levels of service for both water and wastewater issues. While water supply services were seen as core to the Icon Water offering and the thought of a wastewater overflow was concerning, satisfaction with the current levels of service and a reticence to increase bills for vulnerable customers meant the majority preferred to maintain the current levels of service.

Willingness to pay

Depending on where customers live, some have a much higher risk of repeated water supply outages and/or wastewater overflows. As part of the quantitative survey, we tested customer willingness to improve service levels in those higher risk areas.

For the water supply question, based on suburb-of-residence:

- Those living in suburbs at a **higher risk** of a water supply outage were asked to accept or reject a yearly amount (for a five-year period) to reduce the frequency with which they might experience a water supply outage from once every five years to once every 10 years.
- Those living in suburbs at a **lower risk** of a water supply outage were asked to accept or reject a yearly amount (for a five-year period) to reduce the frequency which 8,000 other properties on the Icon Water supply network might experience a water supply outage.

The results are outlined below, and show that 70 per cent of participants were willing to pay $5.63 per annum towards improved equity in service levels across the water supply network.

Log-logistic model	**Yearly amount over a 5-year period**		
	50% WTP (median)	60% WTP (+median)	70% WTP (+median)
To have an improved level of service for their water supply	$24.00	$11.99	$5.63

For the wastewater service question, based on suburb of residence:

- Those living in suburbs at a **higher risk** of a wastewater overflow were asked to accept or reject a yearly amount (for a five-year period) to reduce the frequency with which they might experience an overflow from once every five years to once every 10 years.
- Those living in suburbs at a **lower risk** of a wastewater overflow were asked to accept or reject a yearly amount (for a five-year period) to reduce the frequency which 16,000 other properties on the Icon Water supply network might experience an overflow.

The results are outlined below, and show that 70 per cent of participants were willing to pay $8.43 per annum towards improved equity in service levels across the wastewater system.

Log-logistic model	**Yearly amount over a 5-year period**		
	50% WTP (median)	60% WTP (+median)	70% WTP (+median)
To have an improved level of service for their wastewater system	$29.13	$16.09	$8.43

Appendices: Supporting documents

Reference number	Appendix title	Author
2.1	Icon Water Customer and Community Strategic Engagement Project Report, including Willingness to pay of Icon Water customers	SEC Newgate Australia, and Frontier Economics and Gillespie Economics

Abbreviations and acronyms

ACT	Australian Capital Territory
Commission	Independent Competition and Regulatory Commission
LMWQCC	Lower Molonglo Water Quality Control Centre
IAP2	International Association for Public Participation
SME	Small to medium enterprise