

## 1.1 Context and overview

The *2014 Urban NPR* is the ninth in the series of national performance reports and the first to be produced by the Bureau. With the closure of the National Water Commission,<sup>1</sup> the Bureau, in an agreement with all States and Territories, took on the role of coordinating and preparing the *2014 Urban NPR* to support the commitments made under the National Water Initiative (NWI) to report publicly and independently on the performance of water utilities (NWI clauses 75–76).

The number of utilities reporting on urban water services has changed since 2012–13 in some jurisdictions. This is a result of both institutional amalgamations and changes to reporting frameworks. In order to compare reports between years, where possible, analysis has been undertaken in a manner that mitigates the impacts of these changes. In all cases, the assumptions or methods used are clearly noted.

The *2014 Urban NPR* provides a comparison of urban water performance for 78 water utilities across all Australian States and Territories. These utilities provide urban water services to over 20 million people.

The commentary and analysis contained in the *2014 Urban NPR* covers 30 key indicators for retail/distribution utilities and nine indicators for bulk water utilities.<sup>2</sup> These indicators are the same as those in the *2013 Urban NPR* and are a subset of the full 150 indicators reported by urban water utilities. Data on the complete set of indicators for all reporting years are available in Part B of this report.

As with previous reports, the analysis and commentary provides a context for each indicator, discusses changes in reporting methodologies, and highlights trends within or among different utility groups (arranged by the number of customers). In contrast with the *2013 Urban NPR*, this year's report does not contain a key themes chapter.

The commentary and analysis contained within is not intended to be a comprehensive explanation of every reported indicator. It has been prepared to explain some of the more apparent trends or differences between years and utilities. Much of the information is sourced from publicly available documents, such as annual reports, regulatory decisions, and the utilities' websites.

## 1.2 Utilities reporting

The 78 utilities that have provided urban water data for the *2014 Urban NPR* are listed in Appendix C. A summary of utility type by jurisdiction is shown in Table 1.1.

The *2014 Urban NPR* reflects some changes to the basis of reporting by Tasmania, South Australia, and Queensland. The changes are as follows:

- On 1 July 2013, the three Tasmanian water utilities (Cradle Mountain Water, Ben Lomand Water, and Southern Water) were amalgamated to form one single statewide service provider, the Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater). All reporting is now to TasWater.
- SA Water Corporation has moved to reporting a single value for its entire urban business. In the past, reporting data was sourced from four separate regions across the State (Adelaide, Mount Gambier, Whyalla, and country SA). 2012–13 comparatives used in this report are based on this previously reported data and may not be fully comparable to 2013–14 data.

1 At the time of publication, the National Water Commission (Abolition) Bill 2014 was still before the Federal Senate.

2 Bulk utilities are those utilities that do not have end-use customers of their own. Instead, their primary purpose is to provide services to other water utilities.

- Gympie Regional Council, located approximately 80 km north of the Sunshine Coast in Queensland, has begun reporting for the first time, increasing the reporting base in the 10,000–20,000 utility group.

Of the 78 utilities included in this report, 7 are bulk water suppliers and 71 provide reticulated water supply and/or sewerage services. These utilities breakdown as:

- water supply and sewerage: 62 utilities;
- water supply only: 5 utilities; and
- sewerage only: 4 utilities.

**Table 1.1 Utilities reporting in the 2014 Urban NPR by type and jurisdiction**

Jurisdiction	Bulk utility	100,000+	50,000–100,000	20,000–50,000	10,000–20,000	Total
Australian Capital Territory	0	1	0	0	0	1
New South Wales	4	2	2	10	14	32
Northern Territory	0	0	1	0	1	2
Queensland	2	4	3	3	1	13
South Australia	0	1	0	0	0	1
Tasmania	0	1	0	0	0	1
Victoria	1	4	5	5	2	17
Western Australia	0	1	0	1	9	11
<b>Total</b>	<b>7</b>	<b>14</b>	<b>11</b>	<b>19</b>	<b>27</b>	<b>78</b>

### 1.3 Locations of utilities

The administration boundaries of all utilities reporting data through the 2014 Urban NPR are shown in figure 1.1. For further information about any of the utilities, please consult their respective website or contact their customer service support.

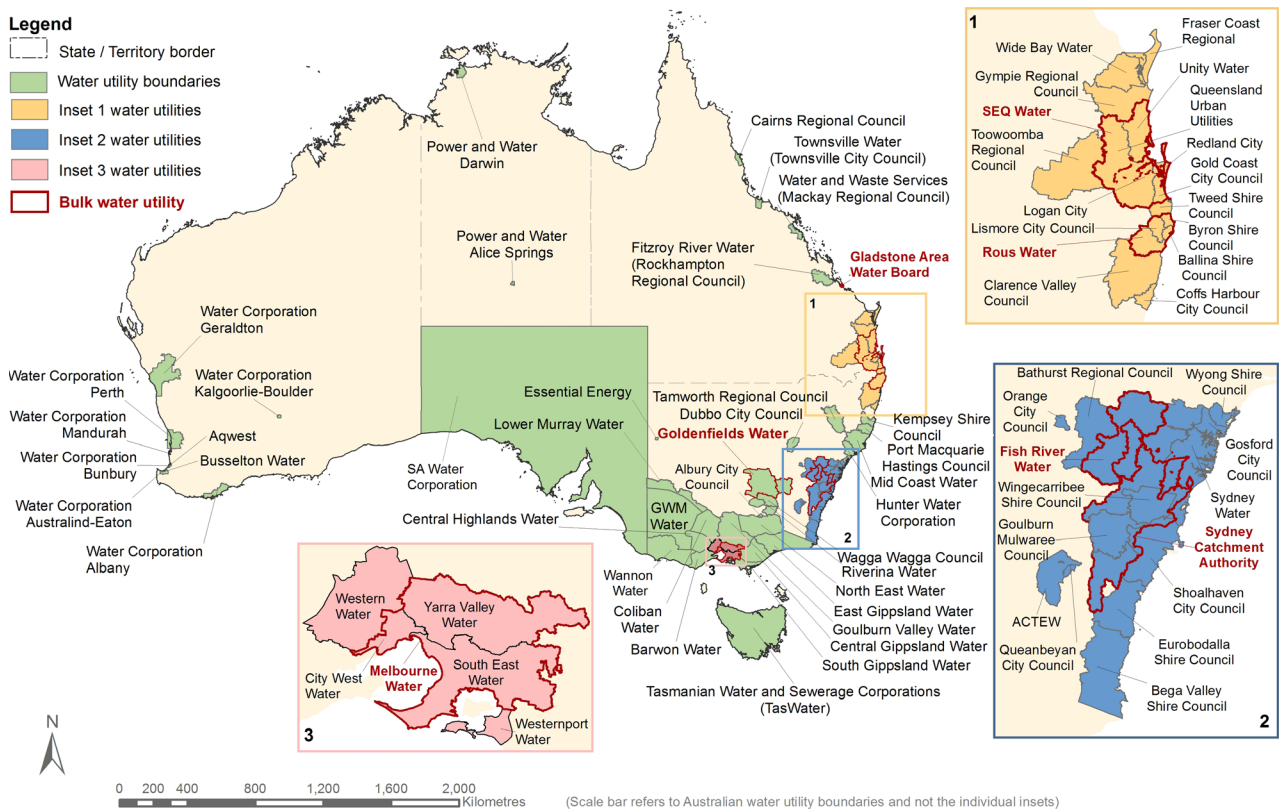


Figure 1.1 Administration boundaries of utilities reporting to the 2014 Urban NPR

### 1.4 Notes on commentary

When interpreting the data and commentary in this report, the following matters should be considered:

- The length of historical time-series information presented is not uniform for all indicators in chapter 2 ('Drivers of performance'), and in chapter 3 ('Water resources') and in figures 3.1, 3.6, 4.1, 5.1, 5.6, 7.1, and 7.14. For example, for some indicators up to 90% of utilities reported in all previous eight years, while for others only 30% of utilities did so. To ensure that a reasonable comparison can be made of the median value through time, it is important that the sample of utilities reporting in the first year of the time series does not differ markedly from the last year of the time series (for example, it is potentially misleading to compare the median for a sample of 15 utilities in 2005–06 with the median for a sample of 60 utilities in 2013–14). Therefore, the number of utilities reporting in the first year of a time series is at least 50% of the number reporting in the last year.
- The indicator codes in the titles of each section, chart, and table are specific to each indicator and can be cross-referenced with the *National Performance Framework: 2013–14 urban water performance report indicators and definitions handbook*.
- The tables in chapters 3–9 have been limited to five years of historical information, while the figures have been limited to three years unless indicated otherwise.

- In keeping with the *2013 Urban NPR*, the *2014 Urban NPR* presents analysis based on median values. The median is the preferred metric for the Urban NPR dataset, as in many cases there are outlying results that can affect the mean. Using the mean in these cases can skew results towards the outliers. With the median, 50% of utilities fall above and 50% fall below the median value. In cases where mean results are presented in addition to the median, they should be interpreted in conjunction with the data itself.
- Individual performance indicators in this report should not be interpreted in isolation. A low ranking for a particular indicator does not necessarily mean that the utility is performing well or badly because a number of factors can influence performance. For example, a utility might have a low operating cost per property, but also poor drinking water quality and environmental performance and a high level of complaints.
- In discussions of indicators, the 'normaliser' has often been omitted to improve the flow of the commentary. For example, in the discussion of results for 'water main breaks per 100 km of water main', the commentary refers to a utility's 'water main breaks'. It is important to remember that it is not the absolute number of water main breaks that is being referenced, but rather the number of breaks per 100 km of water main.
- Utilities that form part of a city council, shire council, regional council, or similar local government entity are reported under only the town or city name (for example, Gosford City Council is referred to as 'Gosford' throughout the report).
- Single-service utilities are included in the 'Overview of results' tables only where comparisons can still be made on a like-for-like basis with utilities that provide both water and sewerage services. Otherwise, they have been excluded from calculations of the median values and high/low results. For example, the overview tables for water and sewerage operating expenditure per connected property and for typical residential bills do not include single-service providers, but the overview tables for sewer overflows per 100 km of sewer main include all utilities that provide sewerage services.
- Charts are presented in order of reported results, that is, from the utility with the highest result for the indicator to the utility with the lowest. Tables are sorted on the basis of percentage change in an indicator from the previous year with the utility with the largest percentage increase to the largest percentage decrease.
- Financial time-series information is given in real 2013–14 dollars, that is, the impact of inflation has been removed to ensure that years can be compared on a like-for-like basis.
- The '% change' column (the last column in most tables) is calculated from 2012–13 and 2013–14 unrounded figures rather than the figures presented in the tables, which have been rounded (usually) to the nearest integer. As a result, the '% change' may not be exactly equal to the percentage change in the numbers in the tables.
- For indicators P3 and P6 ('Typical residential bill'), the adjective 'typical' is used in this report, rather than 'average' because the average is affected by vacant lots that pay no usage charges and by pensioners, who generally receive a pensioner concession.

## 1.5 Audit framework

Auditing is intended to provide enhanced confidence in the accuracy, completeness, and reliability of reported information. Auditing promotes transparency and consistency in the process of collecting and reporting data across all urban water utilities, in order to report performance results that are relevant and useful and enable meaningful comparisons between utilities over time.

The National Water Commission, the Water Services Association of Australia, and representative NWI parties established the National Framework for Reporting on Performance of Urban Water Utilities Deed, which sets out how the parties will report on the performance of urban water utilities in accordance with the NWI. The deed requires parties to use all reasonable endeavours to ensure that a comprehensive audit of the data collected by each urban water utility under the National Performance Framework is undertaken at least once every three years.

The National Performance Framework 2013–14 auditing requirements and audit report template provide further detail about the requirements that a water utility must meet in order to report its results in the *2014 Urban NPR*.

The audit requirements state that:

- audits are to be conducted at a minimum of 3-year intervals;
- indicators that have failed an audit will not be published (they need to be re-audited before they are published);
- audits must be carried out by suitably qualified and independent auditors;
- the level of assurance to be provided is generally ‘reasonable’ assurance (although there are some instances in which ‘limited’ assurance is appropriate);
- audits must be conducted under Australian Standard ASAE 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information; and
- Auditable indicators are those with the indicator codes W7, W8, W11, W11.1–W11.3, W12, W14, W18, W18.5, W19, W26, W27, A2, A3, A5, A6, A8–A11, A14, A15, E1–E8, E12, E12.1, E13, C2, C4, C8, C13, C14–C19, H2, H3, H4, H7, F1–F8, F11–F16, F20–F30, P7, and P8.

### 1.5.1 2013–14 Audit Status

Table 1.2 summarises the status of indicator audits undertaken within each jurisdiction.

**Table 1.2 2013–14 Indicator audit status summary**

Jurisdiction	Audit activities
Australian Capital Territory	The most recent audit conducted on the National Performance Report data was conducted in 2012–13. Audits are conducted every three years in accordance with the auditing requirements.
New South Wales	The 2013–14 financial performance indicators (F1–F30) have been audited for the regional NSW utilities.
Northern Territory	The Northern Territory utilities, Power and Water–Alice Springs and Power and Water–Darwin, did not provide audited data for the Urban NPR as it was cost prohibitive, and therefore failed to comply with the audit requirements.
Queensland	Auditing of Queensland utilities Urban NPR data for 2013–14 was carried out on a voluntary basis. As a result of changes to jurisdiction arrangements the Queensland Department of Energy and Water Supply (DEWS) now has the power to require service providers to conduct audits. This power will be used should the Queensland Water Supply Regulator deem that an audit of a water service provider’s performance is necessary.
South Australia	No Urban NPR data audits were undertaken in 2013–14 in South Australia.
Tasmania	The auditing of TasWater’s performance information began in the 2013–14 reporting period. Prior to 2013–14, the only independently audited financial and public health information relating to Tasmania’s previous regional corporations that met the NPR audit requirements were the corporations’ financial indicators and the public health indicators (audited by the Tasmanian Audit Office and Director of Public Health respectively).  A first tranche of TasWater’s performance indicators was audited by Deloitte in July 2014. A second tranche of TasWater’s performance indicators is to be audited in mid-2015 calendar year, with the remaining third to be audited by mid-2016 calendar year.
Victoria	All Victorian water businesses reporting to the Urban NPR were audited in 2013–14.
Western Australia	All four reporting entities in Western Australia provided audit reports for their urban NPR data in 2013 (for the <i>2013 Urban NPR</i> ). The next round of audits will cover the reporting years 2013–14, 2014–15 and 2015–16.

## 1.6 Interpreting the 'Overview of results' tables

Figure 1.2 below demonstrates how to interpret the 'Overview of results' table provided for each indicator. The indicator 'W12—Average annual residential water supplied per property' has been used for the purpose of this example.

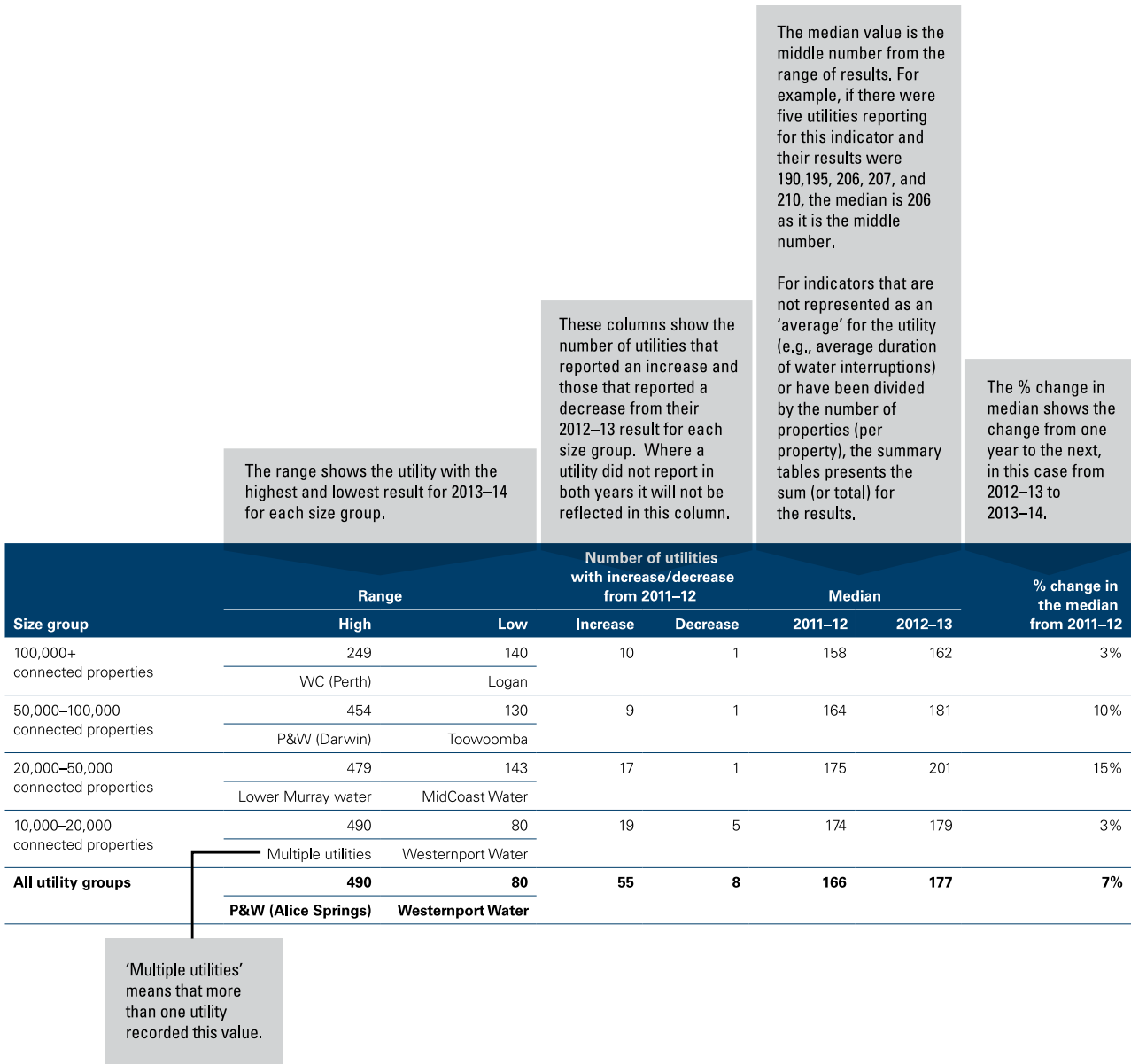


Figure 1.2 Example and explanation of an 'Overview of results' table

## 1.7 Interpreting the 'Summary of results' figures

Figure 1.3 demonstrates how to interpret the 'Summary of results' figure that is provided for indicators W12, W27, P8, F13, A8, and A10 only. The indicator 'P3 and P6—Typical residential bill (based on average residential water supplied)' has been used for the purpose of this example.

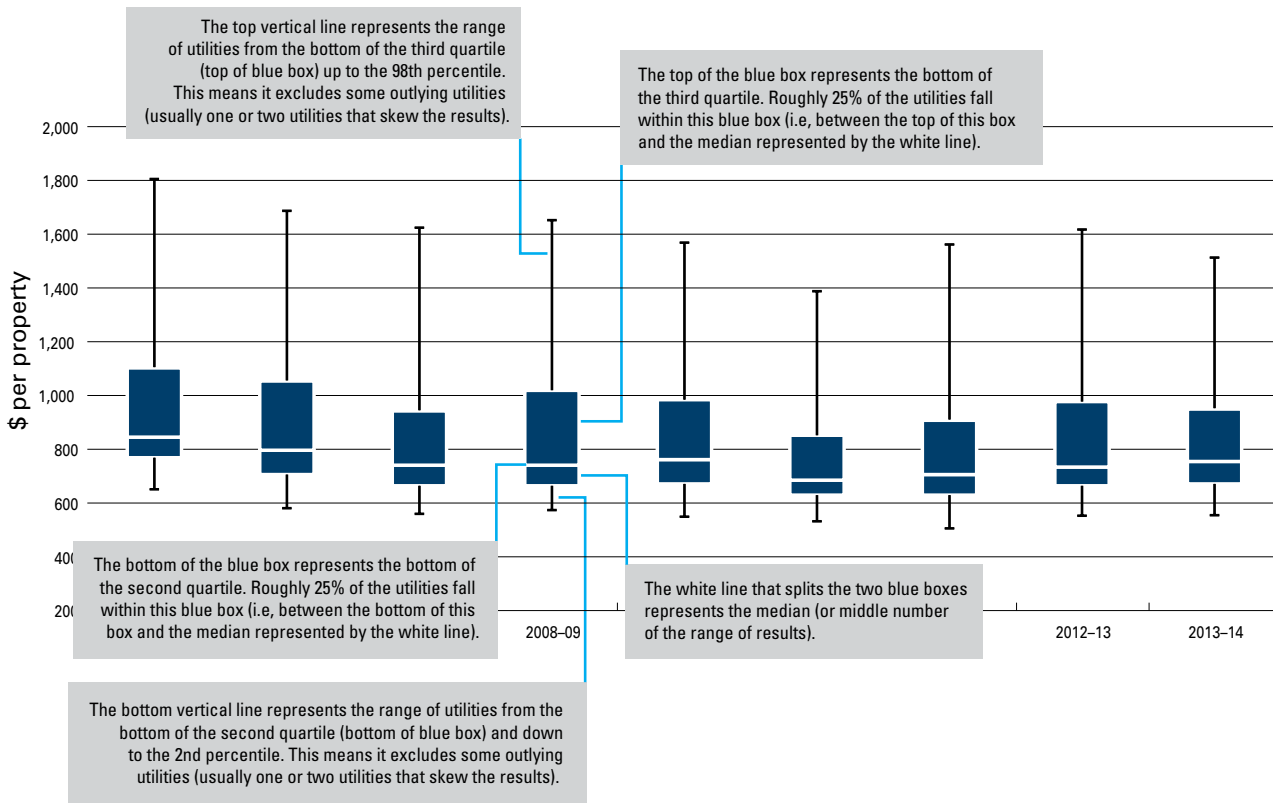


Figure 1.3 Example and explanation of the 'Summary of results' table provided for W12, W27, P8, F13, A8, and A10