



July 2004 | Decision Paper

**PERFORMANCE REPORTING
FRAMEWORK METROPOLITAN AND
REGIONAL BUSINESSES**

Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000, Australia
Telephone 61 3 9651 0222
Facsimile 61 3 9651 3688
reception@esc.vic.gov.au
www.esc.vic.gov.au

Contents



	Page
1 INTRODUCTION	1
2 CONSULTATION PROCESS	3
3 OVERVIEW OF PERFORMANCE INDICATORS	4
4 KEY ISSUES	6
4.1 Performance indicators and their definitions	6
4.2 Better coordination of performance reporting	8
4.3 Appropriateness of the proposed affordability indicators	10
4.4 Ability to gather and report information from July 2004.....	11
4.5 Future development	12
5 NEXT STEPS	13

1 INTRODUCTION

The Commission has an explicit function to monitor, report and audit the performance of the regulated water industry. In February 2004, the Commission commenced a consultation program with industry and other stakeholders to establish a performance reporting framework to apply to each of the regulated water businesses.

The underlying reasons for establishing a performance monitoring and reporting regime are to:

- inform customers about the level of service they are receiving and identify reasons for performance
- identify baseline performance of individual businesses and provide incentives for improvement over time
- provide information and data for developing regulatory standards (or targets) where required and for ongoing assessment of compliance with such standards
- where appropriate, make comparisons between businesses by gauging relative performance within an industry (comparative competition) or with businesses performing comparable operations in other industries
- inform the decision making processes of regulatory agencies, water businesses and government.

To date, the process of developing the performance reporting framework for the metropolitan and regional urban water businesses has involved the release of a workshop discussion paper, the establishment of a broad based Working Group to assist in identifying suitable performance indicators and definitions, the release of a draft set of performance indicators and definitions for public comment and the conduct of several public workshops to provide an opportunity for people to comment.

In developing the reporting framework, the Commission has been conscious of the need to minimise the costs associated with imposing any additional information requirements. In doing so, it has had regard to a number of existing sources of performance indicators and information (such as the existing reporting frameworks established by VicWater and the Water Sector Association of Australia (WSAA)). It has sought to involve a number of other government agencies that are responsible for collecting information on various matters related to the water industry including with the Environment Protection Authority (EPA), the Department of Human Services (DHS), the Department of Sustainability and Environment (DSE) and the Energy and Water Ombudsman (EWOV). It has also sought to identify opportunities to improve the consistency and coordination of information collection and reporting wherever possible.

In May 2004, the Commission released for public comment the *Draft Performance Reporting Framework for Metropolitan and Regional Water Businesses*. The draft framework identified the Commission's proposed set of indicators and definitions to apply to the metropolitan and regional urban water businesses and reflected the input and contribution made by various stakeholders represented on a Working Group and comments made by others in earlier parts of the consultation process.

Having had regard to the comments received in response to the draft framework, the Commission has now finalised the performance reporting framework to apply to the metropolitan and regional urban water businesses. The range of indicators and applicable definitions are set out in Attachment A. The metropolitan and regional water businesses will be required to report against this reporting framework from 1 July 2004 (albeit that a number of businesses may need to discuss transitional arrangements with the Commission where they are currently unable to collect the required information).

Over the next few weeks, the Commission will develop and issue a template that will need to be used by each of the water businesses to submit the required information on a consistent basis. It will then hold an information session to enable operational managers to understand how the templates should be used and submitted to the Commission.

This Decision Paper:

- Summarises the consultation processes undertaken in developing the performance reporting framework
- Highlights a number of key issues related to the performance indicators and other matters raised by submissions in response to the draft performance reporting framework
- Identifies the performance indicators that are to apply to metropolitan and regional water businesses (the detailed performance indicators and definitions are set out in Attachment A)
- Identifies next steps in implementing the reporting framework and opportunities for future development.

2 CONSULTATION PROCESS

In February 2004, the Commission released Consultation Paper No. 1 on *Economic Regulation of the Victorian Water Industry* in which it noted that it has an explicit function to monitor, report and audit the performance of the regulated water industry. As part of that paper, it noted its intention to establish a performance reporting regime to apply to each of the Victorian water businesses. It also set out its preliminary views in relation to the guiding principles and broad areas of coverage that the reporting regime should seek to cover.

In March 2004, the Commission released a Workshop Discussion Paper outlining its proposed approach regarding the development of performance monitoring arrangements for Melbourne Water, the three metropolitan retailers and the regional urban water businesses.

Subsequently, the Commission established a Working Group to assist in identifying relevant and meaningful indicators. The Working Group included representatives of a number of metropolitan and regional water businesses, Melbourne Water, other state based government and regulatory agencies and customer representative bodies. The Working Group met five times across April and May, and a separate sub-group meeting was held to deal with indicators specific to Melbourne Water and their interface with the metropolitan retail water businesses.

In May 2004, the Commission released the *Draft Performance Reporting Framework for Metropolitan and Regional Water Businesses*. This paper set out the Commission's proposed performance indicators and definitions and invited comments from stakeholders on the proposals. A public workshop was held on the 7 June 2004 and 15 written submissions were received in response to the consultation paper.

Generally, submissions were supportive of the proposed framework with most identifying issues requiring clarification or suggesting alternative wording of definitions to improve their clarity or consistency with other established indicators. A few businesses noted short term difficulties in collecting all of the proposed information. Copies of the submissions and a summary of issues raised at the workshop are available on the Commission's website.

A final meeting of the Working Group was held on 24 June 2004 to discuss the issues identified by the submissions and to propose how they should be reflected in the final set of indicators to apply.

The Commission having considered the issues identified at the public workshop, the written submissions and the advice of the Working Group has finalised the performance indicators and reporting arrangements that will apply to the water businesses from 1 July 2004.

The Commission thanks the Working Group participants for their commitment and efforts in assisting with the development of the reporting framework.

3 OVERVIEW OF PERFORMANCE INDICATORS

The establishment of the performance reporting framework was guided by the following principles:

- performance indicators need to be relevant to the nature of the services provided by each business
- performance indicators need to be meaningful and relate to key issues of concern to both businesses and their customers
- performance indicators need to be defined and collected on a consistent basis across businesses to provide a valid measure of actual performance and to aid reasonable comparisons
- the accuracy and reliability of information provided by businesses must be verifiable
- it is desirable to identify whether there is scope for greater national consistency in reporting and comparison, to facilitate national assessment of relative performance
- costs associated with collecting information and data need to be balanced against the benefits of collecting that information. That is, it will be necessary to ensure that the framework is not excessively onerous or costly to implement by focusing on a reasonable range of meaningful indicators.

The Commission and the Working Group have also considered a number of existing sources of performance indicators and information in developing the reporting framework. This includes the arrangements currently applying to the metropolitan water businesses, information collected by various government agencies and industry associations, and the reporting arrangements of economic regulators in other jurisdictions.

Based on the guiding principles and the advice of the Working Group, the Commission decided that the performance indicators should cover the following key areas:

- **baseline explanatory data** — this includes explanatory performance or contextual data such as customer numbers, system lengths, permanent population served, number and type of water and sewage treatment facilities.
- **drinking water quality** — this includes indicators of drinking water quality, focusing on the percentage of customer receiving supplies meeting relevant standards (*E. coli*, turbidity and disinfection by products).
- **water and sewerage network reliability and efficiency** — this includes indicators of the frequency, duration, responsiveness to, and rectification of water supply interruptions, sewer blockages and spills as well as levels of leakage and losses from water supply systems
- **water consumption, reuse and recycling** — these indicators monitor trends in water consumption and the level of reuse and recycling of water and biosolids. This includes a number of measures and categories for water recycling developed by EPA and DSE to monitor both the end-use application of recycled water and the resource management benefits of using recycled water.

- **environmental issues** — these indicators identify compliance with discharge requirements of sewage treatment plant licences, the control of critical trade waste parameters, the incidence of major sewage spills and the level of CO₂ equivalent emissions.
- **drainage and waterways services** — these indicators measure aspects of Melbourne Water's performance in relation to new developments meeting the flood protection standards, reductions in nitrogen loads to Port Phillip Bay, attainment of Regional River Health Strategy target and the processing of drainage development applications.
- **customer responsiveness and service** — these indicators look at customer complaints, telephone call centre performance and monitor the turn around times for development application and information statements.
- **affordability** — these indicators measure the use of restrictions and legal actions for non payment, the timeframe restriction are left in place, the availability of flexible payment instalments and the level of applications and approvals for hardship grants and the value of grants made. Additionally, DHS will continue to provide information to the Commission on the emergency relief grants.

Financial and pricing information is not covered by the performance reporting framework as this information will be separately identified and linked to the businesses' Water Plans. The Commission will consult on relevant indicators of financial performance as part of its review of the business's Water Plans. For example, in other sectors the Commission reports on the capital and operating expenditures relative to those forecast in price submissions.

Attachment A sets out the indicators and accompanying definitions that the metropolitan and regional water businesses including Melbourne Water are required to report to the Commission under the new reporting framework.

In comparison to the existing metropolitan retail performance reporting framework, which formed the starting point for identifying a range of suitable indicators, the new reporting framework provides:

- an increased emphasis on environmental, reuse and recycling, affordability measures and development activities — consistent with the Commission's regulatory framework and policy developments in these areas
- greater disaggregation for information on network reliability and complaints — reflecting the more varied supply arrangements across the state
- for the removal of some performance indicators that were not considered meaningful— such as sewer inflow and infiltration, trade waste customer compliance, and a reduced indicators of sewage treatment plant performance
- for greater consistency and coordination between various government and regulatory agencies in relation to collection and reporting of information.

4 KEY ISSUES

In its Consultation Paper accompanying the release of the draft performance reporting framework the Commission identified five key areas that it specifically sought comment on. An overview of the issues raised and the responses received is presented below.

4.1 The range of indicators and their definitions

Generally, responses supported the proposed range of indicators and the efforts made to establish consistent definitions across the businesses. However, there were some concerns that the proposed indicator set appeared to be broader than those currently reported by the metropolitan businesses, which have implications for the ability of some businesses to be able to report from 1 July 2004 as proposed¹.

The Commission accepts that the scope of indicators is perhaps broader than initially envisaged, but this largely reflects:

- the desire of a number of Working Group participants to add new indicators that they considered to be relevant and meaningful (and to correspondingly remove a number of indicators that the metropolitan water businesses currently report that were considered not to be so meaningful) and
- the increased emphasis on reporting environmental outcomes and affordability measures — which were strongly supported by the Working Group.

Overall, the Commission considers that the indicators proposed and reflected in this final framework are meaningful and relevant. It also notes the comments previously made by the Working Group in developing the draft set of indicators that most businesses are likely to be already collecting the proposed indicators, and as a result there should be no significant additional burden in reporting that information to the Commission.

Nevertheless, the Commission acknowledges that a number of businesses may not be able to report against some of the indicators from 1 July 2004. A number have already noted in response to the draft framework that are likely to have some difficulty in reporting the required information. For those businesses, the Commission will consider transitional arrangements that recognise that those businesses may need time to allow them to commence reporting on the complete range of indicators. These arrangements are discussed in greater detail below.

Most of the submissions generally either sought clarification of the need for certain indicators or suggested rewording of definitions to improve the clarity and consistency of reporting. A few suggestions were made by various businesses about further additional indicators that were not included as part of the draft performance reporting framework. For example, Yarra Valley Water suggested that the Commission consider adopting indicators for the time taken to process plumbing applications and trade waste agreements. However, in light of the fact that there has

¹ Western Water, Submission to Consultation Paper No.2, 15 June 2004.

not been an opportunity to consult widely on whether these suggested additional indicators are considered to be relevant and meaningful, the Commission proposes not to include them in the performance reporting framework at this stage, but will consult on them again in future reviews of the performance indicators.

The Consultation Paper accompanying the release of the draft performance reporting framework also identified a number of potential performance indicators associated with trade waste performance and Melbourne Water's drainage functions, but noted that the Working Group and the Commission had not had time to fully consider the proposed indicators prior to the release of the draft performance reporting framework. Following further consideration of the suggested indicators, the performance reporting framework has been amended to include these indicators.

As a result, there has been little change to the range of indicators that the businesses will need to report, but changes have been made to the definitions related to a number of the indicators.

On definitional issues, the comments most frequently raised by submissions related to the following:

- **complaints:** a number of participants at the workshop² identified that it can be difficult to distinguish between a complaint and an enquiry. The Commission acknowledges that this is at times a subjective judgment, but notes that the definitions proposed in this framework have been successfully used for a number of years in the metropolitan water and energy sectors and is based on the Australian Standard for complaint handling.
- **call centre performance:** a number of submissions queried whether the requirement to report telephone calls connected to an operator within 30 seconds might be too onerous. In contrast, Yarra Valley Water proposed that businesses should report on calls connected to an operator both within 15 and 30 seconds respectively.³ Submissions also sought clarity as to whether the measurement of call response times included Interactive Voice Response (IVR) systems, which intercepts the call prior to the operator answering and so contributes to average response times higher than 30 seconds. However, a number of regional businesses noted that they generally operated only one call line and did not use IVR systems. Some respondents suggested the need to distinguish between fault line calls and account line calls. Following discussions with the Working Group, a number of changes have been made to the performance indicator and definitions to address these issues. In particular, the call centre indicator will cover:
 - Calls to account/fault lines answered within 30 seconds (beginning when the call is put through to customer service operator's phone system)
 - Average time spent in getting through to an operator on the account/fault line (measured from time the call is answered by 'auto attendant' (IVR)).

The Working Group also discussed whether the call centre response indicator should include Melbourne Water as it also publishes a public contact number. The Commission

² Essential Services Commission, Summary of Comments made at Workshop, 7 June 2004.

³ Yarra Valley Water, Submission to Consultation Paper No.2, 18 June 2004.

agrees with the proposition and has modified the performance indicators to require Melbourne Water to report on its call centre performance.

- **property development and information statements:** a number of submissions suggested that reporting the number of information statements turned around within three days was overly onerous and that a five day timeframe was more in line with current industry practice. Western Water queried the merit of having indicators for these activities.⁴ Yarra Valley Water suggested greater disaggregation of the measures to show performance against a range of timelines.⁵ The Working Group discussion re-affirmed the appropriateness of reporting performance in these areas, but suggested that five days is a more appropriate timeframe to measure the process of information statements. Working Group members generally considered that greater disaggregation of the data was unnecessary. Accordingly, the Commission has revised the proposed indicator to monitor the per cent of information statements processed with five days
- **water quality:** a number of participants at the workshop⁶ sought clarification of the water quality indicators as the approach is different from that previously applied. It was also suggested that a health and illness category should be added to water quality complaints. Melbourne Water suggested that a number of parameters relating to disinfection by-products could be consolidated into a single performance indicator for public reporting. Subsequent consultation between DHS with the water industry confirmed this view. As such the drinking water quality indicators have been modified to a consolidated measure of disinfection by-products for all water businesses. DHS also noted that most of the suspected illness complaints that it had received in recent years were found not to be linked to reticulated water supply. DHS suggested that there was merit in establishing a measure for the number of blue water complaints (caused by high copper levels in water).⁷ Accordingly, the Commission has established a complaints category for blue water.

The broader range of comments on performance indicators and their definitions were reviewed by the Working Group at a final meeting on 24 June. In response, and as noted above, the Commission has made a number of refinements to the proposed performance definitions additional changes not discussed in this paper are general minor definitional improvements. These are reflected in Attachment A.

The Working Group supported the concept of holding an implementation workshop to assist operational staff in the businesses to understand definitions and interpretations of performance indicators. The Commission will arrange a workshop for early August.

4.2 Better coordination of performance reporting

In the consultation paper accompanying the draft performance reporting framework, the Commission noted that it is conscious of the need to minimise the costs associated with any

⁴ Western Water, Submission to Consultation Paper No.2, 15 June 2004 and Essential Services Commission, op. cit.

⁵ Yarra Valley Water, Submission to Consultation Paper No.2, 18 June 2004.

⁶ Essential Services Commission, op. cit.

⁷ Department of Human Services, Submission to Consultation Paper No.2, 2 July 2004.

additional information requirements and identified a number of approaches that it proposes to adopt to improve coordination and consistency of reporting arrangements by, for example:

- improving consistency in the nature of indicators and definitions to be applied across various government agencies, such as through consistent definitions between agencies for sewage treatment plant compliance, sewage spills, water recycling and drinking water quality
- drawing on the existing information collected by these regulatory agencies, and where possible exchanging the information directly rather than requiring multiple reporting by businesses of the same information to various agencies. For example, sewage treatment plant compliance information will be gathered directly from EPA and drinking water quality compliance from DHS.

In addition, the Commission proposes to work with EPA and DHS to develop a consistent reporting template to minimise the costs associated with water businesses producing information in different formats for different agencies.

The Commission has also held discussions with other jurisdictional water industry regulators to identify opportunities for achieving consistency in the reporting of performance indicators nationally. This is consistent with the Commission's facilitating objectives to promote consistency in regulation between States and on a national basis.

In response to the Commission's consultation paper, a number of businesses supported the Commission seeking opportunities to minimise duplication and inconsistency of reporting. For example, City West Water supported a coordinated and consistent approach to reporting, particularly with regard to data definitions and stated that 'positive steps have been taken in this regard in the past two years and it is hoped that such coordination will continue, particularly at the State and national level. City West Water is not aware of any significant savings that could be made in this area given comprehensive review by most bodies that collect water industry data.'⁸

Similarly, Gippsland Water noted 'the water industry currently provides a range of performance data to several agencies and organisations such as VicWater, WSAA, DHS, DTF, DSE and EPA. It would be appropriate that any reporting requirements that the ESC may have, do not duplicate existing arrangements. Water businesses should only be required to produce this information once, and this serves the needs of the various bodies that require performance data.'⁹

EPA identified 'one of the areas where costs can be minimised is in the reduction of duplicate reporting requirements. EPA would again like to encourage the direction ESC has taken in its proposal to work with existing regulators such as EPA to streamline industry reporting.'¹⁰

⁸ City West Water, Submission to Consultation Paper No.2, 17 June 2004, p.2.

⁹ Gippsland Water, Submission to Consultation Paper No.2, 16 June 2004, p.1.

¹⁰ Environment Protection Authority, Submission to Consultation Paper No.2, 17 June 2004, p.3.

David Sheehan noted ‘it is extremely important that there is the called-for coordination between the reporting requirements of DSE, DHS, EPA and ESC. Needless repetition of reporting will only frustrate attempts to create an open and cooperative reporting system.’¹¹

The Commission will work with the other regulatory agencies to identify further opportunities for streamlining reporting arrangements. In particular, in the short term it will be seeking to develop information reporting templates in conjunction with other regulators such as the EPA in order to minimise the costs of reporting information to different agencies in various formats.

4.3 Appropriateness of the proposed affordability indicators

In its draft performance reporting framework, the Commission proposed a number of indicators aimed at identifying affordability issues, including the level of restrictions and legal actions for non-payment, the length of time restrictions are left in place, the average debt for restrictions and legal actions pursued, the availability of flexible payment instalment plans and the number of applications and approvals for hardship grants.

All of the Working Group members welcomed the expansion of indicators aimed at measuring affordability issues. However, some Working Group members felt that the range of indicators proposed did not go far enough and suggested that some of the indicators proposed could be further disaggregated to reflect households receiving concessions versus those not receiving concessions. This included the proposal to disaggregate the following indicators:

- the average consumption for households
- the average bills for households
- information on restrictions, legal actions and other measures of affordability.

The Commission received mixed responses on the issue of affordability measures. For example: the Consumer Utilities Advocacy Centre (CUAC) emphasised the need for issues around affordability to be tracked appropriately, particularly given the likelihood that prices will increase and credit management practices in some water authorities will change. It also stated that: ‘Ensuring access and affordability fall directly within the ESC’s mandate to protect the interests of Victorian consumers, including low-income and vulnerable consumers. While we recognise that performance indicators must be rigorous, the current range proposed by the ESC does not provide sufficient information to enable affordability and access to be monitored thoroughly.’¹²

The Department of Human Services expressed the view that differentiating between concession and non-concession customers gives a better picture of affordability issues.¹³

City West Water supported the expansion of affordability measures, including the proposed new measures for debt levels and hardship and said that ‘the set of indicators is comprehensive and

¹¹ David Sheehan, Submission to Consultation Paper No.2, 17 June 2004, p.1.

¹² CUAC, Submission to Consultation Paper No.2, 21 June 2004, p.1.

¹³ Department of Human Services, Submission to Consultation Paper No.2, 2 July 2004.

that additional measures are not required at present. In respect to data disaggregation City West Water believes that the matter of reporting on concessions and non-concessions should rest with Government and that this is not an appropriate performance measure for a water business.¹⁴

South West Water indicated that it ‘believes that nothing useful about affordability will be uncovered by indexing and cross indexing property types/customer assistance eligibility status.’¹⁵

In further discussions with the Working Group, there was support for the proposal to disaggregate data on the number of customers restricted or subjected to legal action for non payment on the basis of concession and non-concession customers. Accordingly, the final performance indicators have been modified to reflect this.

The Commission has previously noted that the question of affordability of water and sewerage services for customers (particularly low income and vulnerable customers) is an issue that is worthy of more detailed research and consideration. The Working Group and a number of submissions supported the Commission’s proposal that it undertake a research project looking specifically at affordability issues and price impacts in the water sector. Gippsland Water noted ‘there needs to be further research and discussion on the issue of affordability prior to agreeing to a range of performance indicators.’¹⁶ CUAC identified its support for the ESC proposal to ‘conduct separate and more comprehensive research into affordability issues.’¹⁷ DHS noted its support for the proposal and offered its assistance in developing and undertaking further research.¹⁸

Accordingly, the Commission will look to including a research project on affordability issues in the water sector as part of its 2005-06 work program. In determining the scope and approach to the project, it will consult with customer representatives, water businesses and other stakeholders including relevant government agencies to ensure that the research addresses a number of the key regulatory approaches that may be adopted to better track and address affordability issues.

4.4 Ability to gather and report information from July 2004

The Working Group indicated that they already gather much of the performance information that was proposed as part of the draft framework. However, the Commission is also aware that there may be a number of businesses (particularly regional businesses) that may have some difficulties collecting a small number of the proposed indicators from 1 July 2004.

In responses, South West Water, Gippsland Water, Portland Coast, and Western Water identified difficulties in reporting some of the performance indicators. Generally businesses cited limitations of IT systems or the need to upgrade these systems as the main issue.

¹⁴ City West Water, op. cit, p.3.

¹⁵ South West Water, Submission to Consultation Paper No.2, June 2004, p.1.

¹⁶ Gippsland Water, op. cit.

¹⁷ CUAC, Submission to Consultation Paper No.2, 21 June 2004, p.2

¹⁸ Department of Human Services, Submission to Consultation Paper No.2, 18 June 2004, p.2.

The Commission proposes to establish transitional arrangements for those businesses with limitations in their ability to collect information from 1 July 2004. Water businesses should, where they have not already done so, identify the performance indicators that they cannot collect and discuss transitional arrangements with the Commission.

4.5 Future development

The Commission has previously noted that performance indicators and definitions should be *stable over time* to facilitate the collection of time-series performance data to allow trends in performance to be identified over time. However, it may be necessary to revisit some performance indicators to refine definitions, take account of future developments and to generally ensure that the framework remains meaningful.

In particular, the Working Group believes that there remain several areas for which performance indicators could be applied but within the time frame available appropriate indicators could not be fully developed. These included:

- **Resource security:** while it was generally agreed a measure of resource security was desirable, no uniform measure is broadly adopted across the water sector. It is understood that the Water Services Association of Australia is in the process of developing appropriate measures of resource security. The Working Group proposed that there may be merit in considering indicators of resource security once this process is completed
- **Affordability:** as noted above, the Working Group considered that the issue of whether there may be other meaningful indicators of affordability may need to be reviewed over time. Consistent with the discussion above on affordability, the Commission will review the nature of the affordability information collected as part of this framework as part of its broader research on affordability issues.

City West Water suggested ‘an annual review of performance measures to ensure that reporting is consistent and continuing to evolve with new industry developments. Such a review will provide a forum for the discussion of new indicators such as those outlined in the consultation paper.’¹⁹

The Commission is of the view it is likely that the framework may need to be reviewed after the first year or two of operation, however, annual reviews are unlikely to be necessary.

¹⁹ City West Water, op. cit., p.3.

5 NEXT STEPS

As noted the reporting arrangements will apply from 1 July 2004. Where businesses are unable to meet the reporting requirements from this date, they will need to explicitly identify which indicators they cannot report and discuss transitional arrangements with the Commission.

To assist in implementing the reporting framework, the Commission will conduct an implementation Workshop in early August. This will assist businesses (and particularly staff that will be responsible for collecting the information and filling in the templates) to understand the performance indicators and definitions and reporting requirements.

As previously identified, reporting of some performance indicators will be on a quarterly basis, whereas other information will only be required annually (for example, baseline and explanatory information and information gathered from other regulators). Businesses are required to report information in accordance with the performance indicators and definitions. The Commission will release standardised reporting templates by the end of July 2004, with the first quarterly submission due by the end of October 2004.

To verify the quality of reported information the Commission will undertake regulatory audits to ensure that the information collected and reported by the businesses is accurate and consistent with the established definitions. The audit framework will be broadly based on the approach currently used in the metropolitan water sector, but tailored to meet the needs of auditing a greater number of businesses in a more diverse operating environment. The first regulatory audits will take place in the second half of 2005.

The Commission anticipates that the first report on the performance of Melbourne Water, the metropolitan and regional water businesses is likely to be released in December 2005.