



# A DEVELOPMENT INDUSTRY REPORT

WORKING WITH SOUTH AUSTRALIA'S  
DEVELOPMENT INDUSTRY



Government  
of South Australia





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# OUR TRANSFORMATION

ONE OF OUR BIGGEST CHALLENGES FOR THE FUTURE IS TO ENSURE WE DELIVER APPROPRIATE, COST-EFFECTIVE SERVICES THAT BALANCE THE NEEDS OF ALL OUR CUSTOMERS.



For almost 160 years SA Water has played a pivotal role in building our state. Our strength and our expertise has been shaped throughout our history by many challenges – the driest state, the tyranny of vast distances, prolonged drought conditions and many difficulties posed by the quality and scarcity of our source water.

Meeting all challenges, we have continued to expand our water and sewerage networks to support growth, public health and prosperity in South Australia. Every hour of every day our services help to further the South Australian Government's vision of a strong, sustainable economy.

We are currently transforming our business – increasing our commercial focus and adapting to a competitive and increasingly complex operating environment. Our vision is to meet all challenges by being responsive, resilient and fit for the future.

SA Water will continue to work closely with South Australia's development industry to strengthen existing relationships and forge new ones. We are committed to open, two-way communication and to ongoing engagement with you, our development industry customers.

One of our biggest future challenges is to ensure we deliver appropriate, cost-effective services that balance the needs of all our customers. We must remain relevant, viable and competitive in the future. We must fully understand our customers' expectations and embrace change. We can only achieve this with your ongoing input.

Research and focus groups held last year have helped us to better understand your perspectives at both an individual and an industry level. This report details the work underway to achieve a significant shift in our business based on your industry's priorities.

Thank you for your feedback and participation to date. We're looking forward to working with you to benefit South Australia and its many communities.



**John Ringham**  
Chief Executive



**Lew Owens**  
Chairman

# WE ARE CHANGING

We understand the value of being connected to reliable water and sewerage services. These services benefit both you as a developer and many communities spread right across the length and breadth of our state.

We offer you trusted, quality, fit-for-purpose products and services valued by your customers. We have sought to provide security of water supply, world-class expertise and we are able to leverage our extensive, established networks to service new development areas.

We understand times are changing and in the future you will have a greater choice of water and sewerage retailers. We are embracing this challenge and taking the opportunity to transform our business.

Last year we received a substantial amount of information from you including how the development application process could be improved, as well as your ideas and suggestions of how SA Water can be supporting economic development in South Australia.

We listened closely and we intend to act on your suggestions. As a result, your feedback has helped us sharpen our focus and prioritise our projects for 2015 and beyond.

You told us we're the provider of necessity. Through our business transformation, our commitment to reducing costs for the development industry and our efforts to improve our service delivery, we aim to become your supplier of choice.

Secondly you told us our people do a good job. We have world-class expertise, extensive experience, people with a strong customer focus and technical know-how. However, this alone is not enough. You expressed the need for us to improve our processes and proactively foster innovation to better service your business requirements.

To do this we'll need to review, challenge and remodel our thinking. We'll be looking for opportunities to cut red tape, to make our processes smoother and swifter, and to provide you with the best service at the lowest possible cost.

Through ongoing feedback you have told us you prefer to have direct contact with us. We acknowledge your preferred way of working with SA Water and will take this into account in our future work with you.

As we act on your feedback, we'll continue to provide opportunities for you to engage, communicate and collaborate with us.



WE OFFER TRUSTED,  
QUALITY, FIT-FOR-PURPOSE  
PRODUCTS AND SERVICES  
VALUED BY YOUR CUSTOMERS.



# WE ARE DELIVERING

## FROM OUR RESEARCH WORK LAST YEAR WITH YOU, SIX KEY THEMES EMERGED:

- > **COST**
- > **CONSISTENCY**
- > **TRANSPARENCY**
- > **COMMUNICATION**
- > **TIMELINESS**
- > **INNOVATION**

Using these key themes as our foundation, we've used your feedback and priorities to develop tailored projects.

## COMPETITIVE MARKET

- > We are committed to embracing the emerging competitive water industry market.
- > We understand developers choose the retailers and we are committed to be your supplier of choice.
- > We will improve processes and procedures to ensure smoother delivery.
- > We will review our infrastructure standards to ensure they are 'fit-for-purpose'.

## BUSINESS STRATEGY

- > We will review our fees and charges for major developments. These will be transparent, competitive and applied consistently.
- > We will review how augmentation charges are to be calculated and we will also apply this new methodology to the existing augmentation charges. There will be greater transparency of revenue received and delivery of prescribed works will also occur.
- > We will review our network capabilities and provide information on where development can occur without incurring additional costs e.g. augmentation of the network at developer's expense.

## NEW WAYS OF WORKING

- > We will identify new opportunities and work with you to provide innovative solutions.
- > We will look at new opportunities on how the delivery of large developments can be improved. The introduction of a Master Developer Agreement is one opportunity which will be further investigated in the coming months.
- > We will also investigate the possibility of a commercial arrangement between developers and SA Water for the delivery of infrastructure.

## PROCESS DESIGN

- > We will review our existing process and procedures to see where we can make improvements in delivery and have agreed service delivery timeframes.
- > We will review our current way of working and identify where there is lack of transparency, delivery impacts and where time and financial savings can be achieved.
- > Once this work has been done and improvements implemented we will inform you of these changes and invite you to comment on the extent of service delivery improvement.
- > We will have dedicated account managers to ensure you have a great customer experience with us.
- > Large developers will have a direct contact within SA Water who will help deliver your projects effectively and efficiently.

## PEOPLE

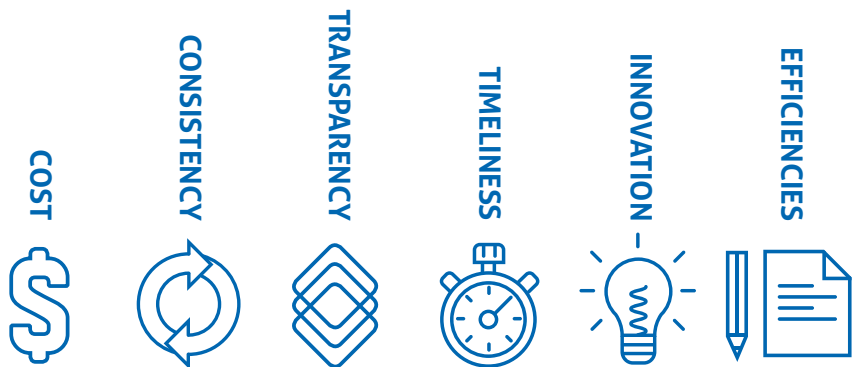
- > We acknowledge SA Water's staff are key to ensuring we can achieve change.
- > We will work with our people to upskill and train where necessary to ensure they are able to provide you with exemplary service.
- > We will work together to develop innovative and creative solutions.
- > We will continue to improve our customer service to the development industry.



WE WILL IMPROVE  
PROCESSES AND  
PROCEDURES TO ENSURE  
SMOOTHER DELIVERY.



# WE ARE DELIVERING



	COST	CONSISTENCY	TRANSPARENCY	TIMELINESS	INNOVATION	EFFICIENCIES
<b>COMPETITIVE MARKET</b>						
Standards Review	✓	✓	✓	✓	✓	✓
Standards – Consulting Engineers	✓	✓	✓	✓	✓	✓
<b>BUSINESS STRATEGY</b>						
Pricing – Fees and Charges	✓	✓	✓			✓
Augmentation	✓	✓	✓	✓	✓	✓
Dynamic Modelling	✓	✓	✓	✓	✓	✓
<b>NEW WAYS OF WORKING</b>						
Master Plan Developer Arrangement		✓	✓	✓	✓	✓
Commercial Arrangements – Free Assets	✓		✓		✓	✓
<b>PROCESS DESIGN</b>						
Business process mapping	✓	✓	✓	✓	✓	✓
<b>ACCOUNT MANAGEMENT</b>						
Managing Customer Experience	✓	✓	✓	✓	✓	✓
<b>CULTURE</b>						
High Performance Culture	✓	✓	✓	✓	✓	✓
<b>DEVELOPMENT INDUSTRY BENEFITS</b>						
Certainty in investment decisions	✓	✓	✓			✓
Value for money	✓				✓	
Time - will result in reduced handling costs	✓	✓		✓		
Effort - avoid double handling			✓	✓		✓
Efficiency - ability to monitor applications and have real time responses			✓		✓	✓
Lower cost of development	✓		✓			
No surprises in development – lower risk	✓	✓	✓		✓	



**IMPROVED BUSINESS  
RELATIONSHIPS  
THROUGH DEDICATED  
ACCOUNT MANAGERS**



**WILL ALIGN  
WITH AND EXCEED  
CUSTOMER  
EXPECTATIONS**

07/15 08/15 09/15 10/15 11/15 12/15 01/16 02/16 03/16 04/16 05/16 06/16

**MILESTONES**

Delivery of an Augmentation Policy - 1 July 2015												
Review priority existing augmentation charges - 31 December 2015, remaining charges December 2016												
Review of the major end-to-end development application process resulting in improved delivery timeframes - March 2016												
Development of an organisational design to support Account Management structure - September 2015												
Development of a Master Developer Agreement - August 2015 for implementation - December 2015												
Review and updating of standard drawings for the Water Supply Construction Manual (WSCM) & Sewer Construction Manual (SCM) - March 2016												
Review of Fees and Charges - June 2016												
Ensure our people have the right skills and capabilities to service development industry needs - June 2016												
Review of engineering and civil construction audit methodology - March 2016												
Provide a future roadmap of network capacity - March 2016												



**IMPROVED USAGE OF OUR  
EXISTING NETWORK CAPACITY**

# WE ARE LISTENING

## DEVELOPMENT INDUSTRY RESEARCH

With research partner newfocus, we conducted research in July and August 2014 to:

- > Gauge current levels of development industry customer satisfaction,
- > Identify issues of importance and areas for improvement,
- > Better understand developer customer values, particularly in relation to future needs and expectations.

All development industry stakeholders were invited to participate in research through two key phases:

- > Qualitative in-depth interviews with the development industry (20 participants). This methodology reveals detail-rich insights and allows greater exploration of participants' attitudes, perceptions and motivations.

- > An online survey sent to the remaining 77 development industry stakeholders who did not participate in the qualitative phase (10 participants). The online survey asked both satisfaction scale questions (respondents indicate whether they are very satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied or very dissatisfied) and open-ended questions allowing additional feedback from participants.

In total, 30 out of 97 development industry stakeholders took part in the research. A summary of participant segments is provided below.

	PHASE	SEGMENT	SAMPLE SIZE
<b>TOTAL</b>	<b>Qualitative</b>	Surveyors	6
		Consultants/Consulting engineers	8
		Developers	6
			<b>20</b>
<b>TOTAL</b>	<b>Quantitative</b>	Surveyors	6
		Consultants/Consulting engineers	-
		Developers	4
			<b>10</b>



## RESEARCH FINDINGS

A summary of the key research findings and development industry customer quotes are provided below.

Overall six themes emerged from the development industry research:

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### COST



A desire for lower costs and alternative fee structures associated with all areas of development.

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### CONSISTENCY



Consistency and clarity of approach, standards and processes throughout SA Water.

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### TRANSPARENCY



The need to understand how fees and charges are calculated, to have transparent and equitable processes in place.

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### TIMELINESS



Streamlined, efficient and effective processes in place to minimise overall application time.

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### INNOVATION



A desire for SA Water to embrace and lead water services innovation and technology application.

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### COMMUNICATION



A desire for stronger customer relationships through improved communication and engagement activities with SA Water both, at an individual and an industry level.

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WE ARE  
**LISTENING**

SA WATER IS WORKING WITH  
YOU TO ACHIEVE GROWTH  
THROUGH INNOVATION.



## CURRENT DEVELOPER SATISFACTION WITH SA WATER

Developers consistently praised the human elements of SA Water's service. High levels of satisfaction were reported for staff professionalism and accessibility, the quality of customer service, staff helpfulness and efforts to resolve queries. In addition, participants stated SA Water was an easier authority to deal with compared to other utilities.

- > *"I have their direct number and I'm able to get in touch with no problems."*
- > *"They are arguably one of the best authorities in regards to contactability, timeliness and getting through to the right person and following things through."*
- > *"The area I deal with (land development) is very helpful and keep in touch."*

However, there was a strong sense that SA Water's processes put barriers and constraints in the way of development in South Australia. The majority of participants felt our processes needed to be improved, more efficient and timely. We are often described as bureaucratic and providing 'gold plated' standards and solutions – as well as being cautious and conservative in relation to new technology and innovation.

In addition, respondents thought SA Water's customer service was let down by internal approval processes and a lack of efficiency.

## SATISFACTION WITH THE DEVELOPMENT APPLICATION PROCESS

Participants were asked how satisfied they were with SA Water's current major development process and their suggestions for improvement.

Feedback stated the length of time taken to get approvals hinders development.

> *"It would be better if they returned the costings to us faster, in a more timely manner."*

> *"A lot more tedious than in the past to get approvals – seemed to take a lot longer these days, approval does come through but takes longer."*

Suggestions for improvement included improving efficiency and timeliness. Research participants expressed a desire for more engagement with SA Water and with other government agencies and authorities where possible.

> *"More engagement is needed, particularly in relation to new growth development... should be coordinated engagement with other infrastructure (roads, sewer, power)..."*

# WE ARE LISTENING

## RESULTS FOR COST AND VALUE FOR MONEY QUESTIONS

There were mixed views from participants on whether SA Water provided value for money. Developers expressed the need for much greater transparency around SA Water's fees and charges. When participants were asked if SA Water would be their supplier of choice, the primary factor affecting their choice was cost.

> *"Be more visionary to be ahead of development and look for more realistic costs of supply of infrastructure."*

## DEVELOPMENT INDUSTRY SUGGESTIONS FOR FUTURE IMPROVEMENTS, OPPORTUNITIES AND CHALLENGES

Participants suggested diverse opportunities for the future. There were many suggestions related to improving our processes. These included providing responses and answers quickly to developers, adopting a more flexible attitude, being more proactive, improving commercial thinking and providing effective feedback.

Overall, developers saw the need for SA Water to reduce costs, simplify and speed up processes, apply consistent standards and increase transparency with opportunities for increased communication and engagement with the development industry. In addition, research participants stated that we should embrace technology (both online and in the context of water and sewerage service innovation).

> *"SA Water needs to be more proactive and entrepreneurial about new technologies."*

> *"Some of the standard requirements of SA Water are 'gold plated' and exploring new technology will improve the process."*

> *"Many different opportunities exist for partnership / joint ventures to be a model for future success. This will happen with or without SA Water."*







**SOUTH AUSTRALIA  
– THE BEST PLACE  
TO DO BUSINESS**

# WE ARE WORKING WITH YOU



In October 2014, a series of three workshops were held with representatives from the development industry. Building on the key themes, issues and opportunities identified by the research activities, the workshops invited participants to voice issues and concerns, opportunities and suggestions.

Two workshops were held with representatives from the development industry, and the third workshop was held with Urban Development Institute of Australia (UDIA) Executive Council.

The workshops were specifically created to address all themes identified in the research and tailored to foster open and robust discussion.

## COMMON THEMES IDENTIFIED IN RESEARCH

## FOCUS GROUP DISCUSSION TOPICS

	End-to-end Process	Commercial Arrangements and Standards	Business and Innovation Initiatives
<b>COST</b>	✓	✓	✓
<b>TIMING</b>	✓	✓	✓
<b>TRANSPARENCY</b>	✓	✓	✓
<b>COMMUNICATION</b>	✓	✓	✓
<b>CONSISTENCY OF APPROACH</b>		✓	✓
<b>INNOVATION</b>		✓	✓



At each session, participants discussed:

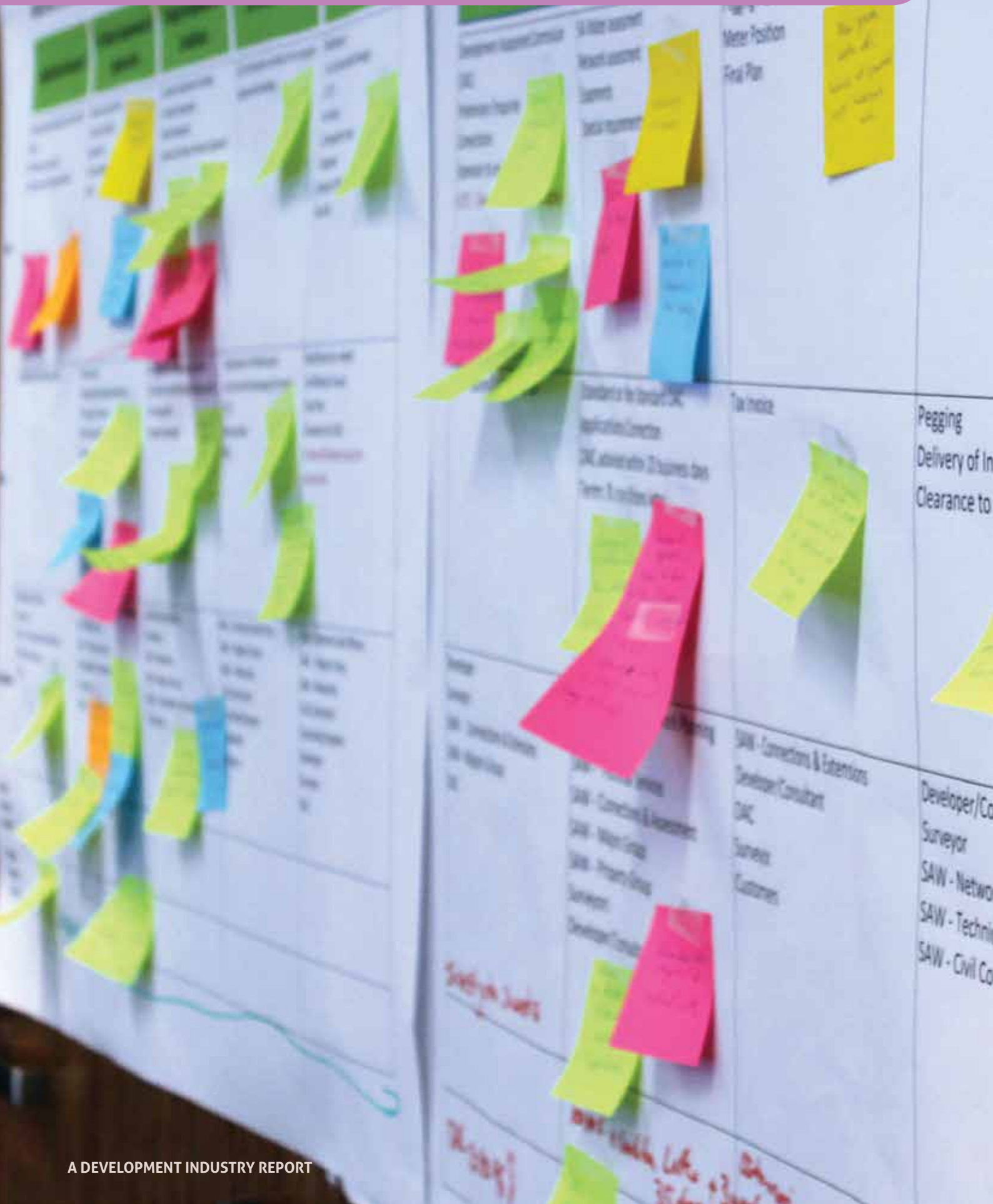
- > **The end-to-end process** – the entire development industry process from enquiry to approval.
- > **Commercial arrangements and standards** – current concerns and areas of frustration, potential solutions and alternative arrangements for the future.
- > **Business and innovation** – SA Water's role in supporting economic development, new technologies and innovation.

An independent facilitator from Aurecon conducted the workshops to ensure independence and impartiality.



AT SA WATER  
WE'RE COMMITTED  
TO COLLABORATING  
WITH BUSINESS

# WE ARE WORKING WITH YOU





## END-TO-END PROCESS

Analysis of the research results and ongoing customer and staff feedback indicated elements throughout the entire development application process from initial point of enquiry to completion required improvement. As a result, a large proportion of the workshop time was dedicated to examining the end-to-end process in detail.

Workshop participants identified areas within the current development process:

- > For improvement
- > For increased transparency
- > Where delays are encountered and
- > Where the process works well

These areas were identified in groups, with additional detail and explanations captured on large process maps. This method provided a visual snapshot of the entire development application process – complete with identified pain points and opportunities for improvement.

Workshop participants collectively ranked their top priorities. Overall key priorities for the end-to-end process are:

- > Long term infrastructure assessment is required – including timeframes, transparency and innovation
- > Account Management should have greater authority

- > Consultation between SA Water, developers and the development industry as a whole should be improved
- > SA Water should undertake a review of processes including costs and timeframes
- > SA Water should review the accessibility and usability of its AquaMap system for its customers

## STANDARDS AND COMMERCIAL ARRANGEMENTS

Participants commented on standards and commercial arrangements in the second session of the workshop and asked to discuss the impacts and opportunities brought about following the introduction of the *Water Industry Act 2012*.

The development industry's overall key priorities included:

- > Augmentation charges should be scrutinised, including the timeliness and transparency of costings
- > Innovative options should be reviewed and developed with the development industry – for example, joint venture opportunities, third party access and fee structure
- > A review should be undertaken on SA Water's infrastructure standards to determine why they differ from other standards

- > The practice of gifting assets should be examined and a rebate model was requested

## BUSINESS AND INNOVATION

In the final section of the workshop, participants discussed business and innovation. This section focused on what new, innovative products and services SA Water could offer and what it could do to improve its business in the future.

A number of areas for investigation were identified as key priorities including:

- > The development of a commercial business centre for developers
- > Both SA Water and the development industry to be committed to working together to make changes
- > The development of an on-line web portal to track progress of applications
- > Regular SA Water and development industry forums

# WE ARE WORKING WITH YOU

## FEEDBACK FROM THE WORKSHOPS

Feedback from workshop participants has been positive.

*“Discussions were most beneficial, but only if prompt action can happen.”*

*“Good to have points of view from developers and others.”*

*“I thought the focus group worked well and brought out many of the issues. I would participate in similar forums again.”*

*“If it results in real outcomes, then it will be beneficial to all parties and South Australians.”*

*“It is only beneficial if issues raised are addressed in the immediate and longer-term future depending on the issue.”*



## UDIA EXECUTIVE COUNCIL WORKSHOP

Our final workshop was held with the UDIA Executive Council. The Council commented on the priorities created in the other workshops and identified these additional priorities:

### **End to end process**

- > Infrastructure planning delivery
- > The creation of Master Development Plan Agreements
- > Increased accountability

### **Commercial arrangements and standards**

- > Review of augmentation charges
- > Consideration of financial impacts on the development industry

### **Business and innovation**

- > Increased communication at individual and industry level
- > All parties must be committed to making change

THANK YOU TO  
SOUTH AUSTRALIA'S  
DEVELOPMENT  
INDUSTRY FOR YOUR  
VALUABLE INSIGHTS  
AND YOUR ONGOING  
COLLABORATION  
WITH SA WATER.

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