

SA Water  
Regulatory  
Business  
Proposal  
2016-2020

# **Attachment B**

## **Your Say customer engagement reports, Deloitte**

**Stage 5 Report page 2**

**Stage 3 Report page 30**

**Stage 1 Report page 83**



# SA Water Customer Engagement Program Stage 5 Report

# Background

The water landscape in South Australia has undergone significant change in recent years, with South Australia emerging from a period of prolonged drought that officially ended in 2012. In response to the conditions experienced during this period SA Water made large scale investment in water security measures, including protection of the River Murray network, the launch of water conservation measures such as Water Wise, and the development of the Adelaide Desalination Plant. The desalination plant is supported by the North South Interconnection System, enabling SA Water to deliver desalinated water from the South of Adelaide through to the Northern suburbs.

Customer behaviour has changed during this period with customers heeding the call from the South Australian Government to use less water. However despite this reduction in usage, prices have increased as a result of the investment made by SA Water to future proof the State against drought.

Although South Australia has moved out of drought conditions, the opinions of many customers are still heavily influenced by the memory of the drought. Customers who participated in the Stage 1 focus groups viewed water as a valuable resource, and therefore did not like seeing water wasted. The rationale behind the investment in the desalination plant is also not well understood, with some customers remaining sceptical of this investment.

In 2012 economic regulation was put in place for water service providers such as SA Water, with the Essential Services Commission of South Australia (ESCOSA) being the regulatory body responsible for overseeing this regulation. As the independent regulator for water in South Australia and as part of the process for setting the maximum revenue SA Water can earn in the next regulatory period, ESCOSA requires SA Water to formally submit a Regulatory Business Proposal (RBP).

The RBP outlines how SA Water plans to operate and invest in infrastructure and services in the interests of its customers. SA Water's first RBP was submitted in September 2012, with its second RBP due for submission in August 2015.

In its role as the independent regulator of water providers in South Australia, ESCOSA's responsibilities include industry licensing, consumer protection, and independent determination of SA Water's maximum revenue that can be recovered through drinking water and sewerage retail service prices. ESCOSA is also responsible for specifying service standards that SA Water must meet, including minimum levels of service customers can expect.

In 2013 ESCOSA set out a number of requirements for SA Water in relation to engaging with customers for the purpose of preparing and submitting its 2016-2020 RBP. In addition to this, SA Water wanted to engage with its customers to drive changes to its strategy, infrastructure, and expenditure to align with customer values and expectations of SA Water as a service provider.

To achieve this SA Water has been engaging with its customers since November 2013. This report outlines the findings of the final stage of this activity, which was facilitated by Deloitte. Reports outlining the results of previous engagement activities can be found at [www.sawater.com.au](http://www.sawater.com.au)

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# The Customer Engagement Program

## Scope

The Customer Engagement Program is the first of its kind for SA Water in both the breadth of customer engagement and detail in which customers were engaged, and sought to capture the needs and expectations of SA Water customers to guide future investment decisions on how SA Water can best serve them. The Customer Engagement Program consists of five stages which are detailed in figure 1.

SA Water commenced its Customer Engagement Program by partnering with its primary research provider newfocus to gain insight into customer values and expectations. Stage 1 consisted of a series of focus groups with SA Water customers and consultation with SA Water's Business and Residential Customer Advisory Groups (CAGs), and provided an opportunity for customers to identify key issues of importance. SA Water used this feedback for internal business planning during Stage 2 to develop potential service improvement and investment opportunities.

During Stage 3, SA Water gained customer insights and opinions on the potential service improvements and investment opportunities developed by SA Water in direct response to the Stage 1 findings. SA Water also asked customers about their level of satisfaction with the current levels of service delivered. Variations in the existing levels of service were also examined, with customers being presented with opportunities to pay more on their water bills for increased levels of service or pay less for a reduced level of service.

In delivering appropriate levels of service to customers, SA Water is sensitive to the fact that customers are feeling the impact of a rise in the cost of many household living and business expenses including water prices. Testing customer support for changes in service levels was a critical element of the engagement process, and allowed customers to make informed decisions about the potential cost impacts of changes to services. To provide context for future pricing,

SA Water's expected price path for the upcoming regulatory period was shared with customers in Stage 3, which detailed an expected increase in price of no more than CPI per year. Potential service improvements and investment opportunities were presented to customers in the form of expenditure and savings proposals that could be included in SA Water's RBP for the next regulatory period, should customers support them. The costs and potential savings of these proposals would be in addition to the CPI price path.

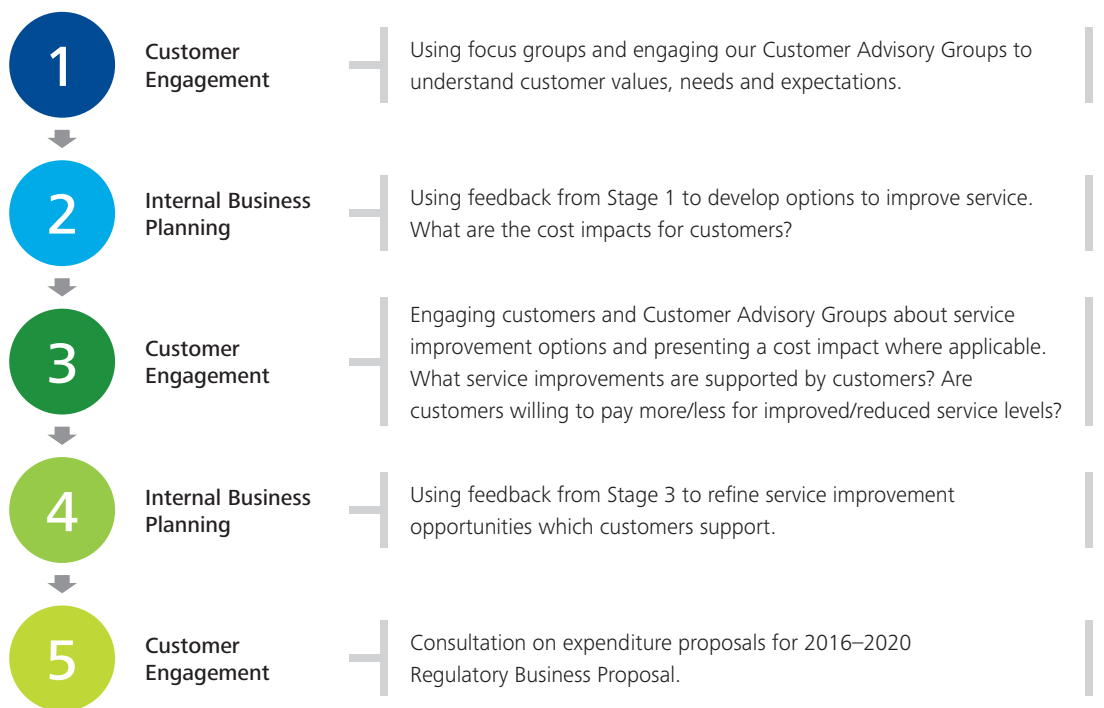
The Stage 3 research resulted in 11 customer insights, which are summarised on page 10, that were identified across the 6 research objectives. These insights were drawn from a combination of feedback received from customers from the workshops and the online survey, and specifically focused on the support levels for the initiatives that were proposed by SA Water. The total of additional expenditure that customers supported by selecting the initiatives presented by SA Water would have resulted in a \$5 increase in prices above the CPI price forecast presented by SA Water.

In parallel to the Customer Engagement Program SA Water is undergoing a significant business transformation program, with a focus on gaining efficiencies within its operations. To date this program has resulted in SA Water making considerable savings, positioning it to deliver the majority of the proposed initiatives supported by customers during Stage 3 within a CPI or lower price increase (as opposed to charging the additional \$5 as agreed by customers).

Stage 5 of the customer engagement program focused on gaining customer feedback on SA Water's proposed response to the Stage 3 insights. Workshop participants were selected from those customers that attended the Stage 3 workshops.

SA Water has continued to engage with its major customers and developers to better understand their requirements based on the research conducted during Stage 3.

Figure 1 – SA Water’s Customer Engagement Program

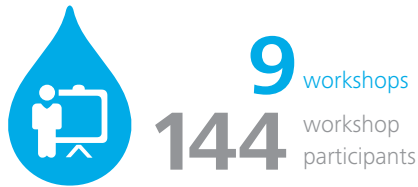


# Who we engaged

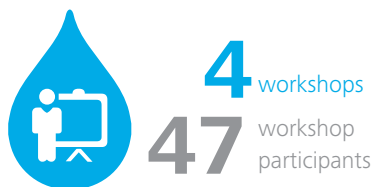
## Stage 1



## Stage 3



## Stage 5



# Sampling and methodology

## Research objectives

Based on the key themes captured from customers during Stage 1, SA Water developed a set of research objectives that informed the Stage 3 research program. These objectives were used again in Stage 5 and are outlined below:

- Customer experience
- Service standards
- Service delivery and investment
- Water quality
- Water recycling
- Water for growth.

During the Stage 5 workshops participants engaged in group discussions and indicated whether they felt the customer insights were reflective of their views from Stage 3. Participant's views on how SA Water has responded to the insights in its RBP were also explored.

## Sampling

SA Water commenced its Customer Engagement Program in November 2013, conducting 15 focus groups with 118 customers. Customers selected had all had recent contact with SA Water.

During the Stage 3 engagement activities a total of 9 workshops were conducted with 144 customers (116 residential, 28 business) across metropolitan and regional South Australia during June 2014. Workshop participants were recruited on the basis of gender, age, household income, property ownership, geography, and recent contact with SA Water.

An online survey was also conducted between 14 June and 28 June 2014, which was completed by 1,232 customers. The online survey was made available to those without the internet through reply paid envelopes and customers had the opportunity to complete the survey via the phone by ringing the SA Water customer service centre.

During Stage 5 four workshops were held; two in regional South Australia and two in metropolitan Adelaide. SA Water invited participants from five of the Stage 3 workshops (Metropolitan Adelaide Residential, Metropolitan Adelaide Business, Port Augusta, Gladstone and Mount Gambier) to participate in the Stage 5 workshops. The rate of participation was 73% for business customers and 57% for residential customers. An optional telephone survey was offered to those participants from regions that were not returned to in Stage 1. One customer responded to that survey.

In the four Stage 5 workshops conducted in March 2015 SA Water engaged with 47 customers (36 residential, 11 business).

Workshop location	Participants
Metropolitan Adelaide (Residential only)	11
Metropolitan Adelaide (Business only)	11
Mt. Gambier	8
Pt. Pirie	17
<b>Total</b>	<b>47</b>

During Stage 5, two meetings were held with members of SA Water's Residential and Business CAGs in April 2015. The CAGs were established in 2012 to increase interaction between SA Water and representative customer groups to provide SA Water with a mechanism to obtain customer views and test assumptions about expectations.

## Residential Customer Advisory Group Attendees

Council of the Ageing SA
Consumers SA
SA Federation of Residents and Ratepayers Association of SA
South Australian Council of Social Service

**Business Customer Advisory Group Attendees**

Business SA
Primary Producers SA
Property Council of Australia, SA Division
Urban Development Institute of Australia

During the meetings Deloitte presented preliminary findings of the Stage 5 customer engagement workshops.

Both CAG’s were positive in their feedback on SA Water’s customer engagement process, commenting on both how far reaching the program was and the value in the insights discovered.

**The program is fantastic**

– Business CAG Member

When considering the stakeholders engaged during Stage 3, SA Water recognised that further engagement should be made to understand the views of customers from culturally diverse backgrounds. SA Water worked with the president of the Multicultural Communities Council of South Australia to organise an additional workshop which was conducted in April 2015.

**Communities represented**

Armenian
Chinese
Filipino
Fullah Friends of SA Association
Greek
Latvian
Murray Bridge Multicultural Forum
Sierra Leone
Vietnamese

These workshop participants understood and were supportive of the insights recorded during Stage 3. During the workshop participants provided SA Water with further direction on how it can more effectively support its customers who are from culturally diverse backgrounds. Primarily the feedback centred on the accessibility of information and support services, with the key recommendation being for SA Water to partner with the advocacy groups represented in the workshops to better connect with the people who they represent.

**Our role**

SA Water was committed to delivering a Customer Engagement Program through an open, transparent and robust process. Deloitte was responsible for ensuring the customer engagement activities were independent and that the findings accurately reflected the views of SA Water customers. Deloitte facilitated workshops, with support from SA Water subject matter experts and the SA Water Customer and Community Relations Team.

During the development of the approach to Stage 5 of the Customer Engagement Program, Deloitte worked with ESCOSA to provide the Commission with the opportunity to review and provide guidance on the process especially regarding the context provided to customers with respect to forecast price, ensuring it was meeting their requirements.

**Research approach (Stage 5)**

To collect the views of customers during the workshops Deloitte facilitated discussions with the participants and SA Water subject matter experts with key insights being independently recorded by Deloitte. Customer support for SA Water’s proposed response was also captured using a ‘show of hands’.

Exclusively using customers from the Stage 3 workshops reduced the requirement for SA Water to provide extensive education to workshop participants as this had already occurred during Stage 3. During Stage 5 only a brief recap of materials covered in Stage 3 was required, therefore the majority of the workshop time was allocated to outlining SA Water’s plans and seeking customer feedback.







# Customer insights



Customers would like to improve their experience with SA Water



Customers favour investment in visual amenity over noise attenuation



Customers favour multiple channels of communication



Customers support investment in environmental projects where value and costs are well known



Customers see the value in smart meters but are concerned about the costs



Customers support investment in water quality initiatives in areas experiencing significant issues



Customers are willing to contribute to an expansion of the Customer Assist Program



Customers value water recycling schemes that have broad community impacts



Customers are satisfied with the level of service provided by SA Water



Customers believe SA Water has a role to play in contributing to the economic development of South Australia



Customers support cost effective investment in water pressure modulation to minimise infrastructure failures



# Stage 5 customer feedback on insights

At the commencement of the Stage 5 workshops Deloitte explained the manner in which insights had been recorded throughout each stage of the Customer Engagement Program.

This highlighted how the findings from Stage 1 formed the basis for the topics discussed during Stage 3, and how the Stage 3 research results (survey and workshops) were consolidated to arrive at the 11 customer insights.

Through individual voting and group discussion customers agreed that the insights captured in Stage 3 were reflective of the discussions they had in the Stage 3 workshops. Stage 5 workshop participants were also interested to see how the results of the online survey correlated with the findings of the workshops.

In addition to supporting the insights customers also provided feedback on the engagement program. Customers were impressed by SA Water's commitment to the Customer Engagement Program, providing positive feedback on the way in which SA Water has made them feel as though they were listened to.

Having received a printed copy of the Stage 3 report prior to the workshop, customers were appreciative of the opportunity to read the report, and then discuss SA Water's proposed plans to understand how their insights had been used. Customers were thankful for the opportunity to discuss the implementation of the insights into SA Water's business plan.

Customers also felt privileged to have been given the detailed explanation of SA Water's operations, allowing them to better provide feedback on future plans.

It was highlighted that an ongoing challenge for SA Water is to consider how it educates the broader population with respect to water in South Australia.

Outlined below are a sample of quotes from customers that were captured when discussing the Customer Engagement Program.

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It's good that we have all come back and see what has actually been actioned and that it has been followed through on

– Business, Metro

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I think it's an excellent process

– Residential, Regional

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The session last time was a real eye opener. I've shared bits and pieces with others since

– Residential, Regional

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It feels like the company is listening – Residential, Regional

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We love it – Residential, Regional

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Everything is well documented – Residential, Metro

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You never know what the outcome is,  
but to come back tonight and to see what  
we recommended is suggested is great

– Residential, Metro

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It's just very interested to understand how SA Water  
is run, it has changed my perspective on a lot of  
areas – Residential, Metro

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I found that the 18 of us know as much as we need  
to know about SA Water, but what about the rest of  
the population? – Residential, Regional







# Customer experience

## Overview

As the largest water supplier in South Australia, SA Water has an important role to play in ensuring the water needs of 1.6 million South Australians are met. Key to this is an understanding of the experience customers have when interacting with SA Water.

Stage 1 highlighted that customers were seeking more information and education from SA Water to improve the way it communicates the information it provides. With this in mind Stage 3 research was focused on establishing the key elements of service important to customers when interacting with SA Water and sought to understand ways in which SA Water could improve these interactions.

Customers were asked about their views with the current customer service experience offered by SA Water, with the majority indicating they were satisfied with the customer service they receive from SA Water's customer service centre staff and operational crews. Customers did however provide some suggestions for improvement that included tailoring services and providing greater levels of communication.

Customers were also asked about their views towards emerging technology, how they would like to interact with SA Water in the future, and their views on SA Water's Customer Assist Program.

## Customer insights

### Customer insight #1

***Customers would like to improve their experience with SA Water***

Overall customers are satisfied with their experiences interacting with SA Water with a desire for continual improvement being expressed by some customers.

### Customer insight #2

***Customers favour multiple channels of communication***

Customers want choice about how they interact with SA Water, with customers seeking online self-service options.

### Customer insight #3

***Customers see the value in smart meters but are concerned about the costs***

Customers are supportive of SA Water investigating the use of emerging technologies such as smart meters provided the associated costs are reasonable.

### Customer insight #4

***Customers are willing to contribute to an expansion of the Customer Assist Program***

Customers are supportive of SA Water expanding the offerings of its current Customer Assist Program for customers experiencing financial hardship.

### Summary of SA Water's proposed plans

Following the discussion on the customer insights, SA Water presented its proposed plans with respect to the customer experience insights, and how these plans are being incorporated into its RBP.

#### Customer service

SA Water is proposing to invest in digital services to improve customer experience with SA Water, having already commenced work on refreshing the SA Water website and undertaking a review of its broader digital offering through a Digital Strategy.

In Stage 3, customers indicated they were prepared to pay for a Customer Relationship Management System (CRM). In response SA Water is proposing to implement a CRM that can streamline workflow and enhance the experience of the customer when contacting SA Water.

SA Water is responding to the request for multiple channels of communication by proposing an increased level of digital services, allowing customers to choose which platform to engage with SA Water based on their preferred channel.

Other key initiatives to improve customer experience included:

- Provision of eBilling and online payment solutions
- Digital engagement to better understand the customer experience
- Online fault reporting to streamline the current reporting process and make tracking visible to customers
- Increased customer Self-Service options including a portal for major business customers.

All customer service related initiatives are being implemented under the framework of a new Customer Strategy that takes the findings of Stage 3 and seeks to use them to enhance the customer experience at SA Water.

#### Provision of smart meters

Based on customer feedback from Stage 3, SA Water is not proposing a state-wide roll out of smart meters to all customers. Rather SA Water is seeking to conduct smaller scale trials with larger business customers while continuing to investigate costs before making any large scale investment.

#### Customer Assist Program

SA Water is proposing to increase the level of support provided to customers experiencing hardship by expanding its Customer Assist Program. This expansion includes introducing an incentive scheme. Similar to schemes provided by other utility service providers SA Water's scheme would seek to provide a financial incentive (bill reduction) to customers on the Customer Assist Program once they have made a minimum number of consecutive payments.

### Customer feedback on SA Water's proposed plans

Customers were supportive of the proposed actions outlined by SA Water, and believed that what SA Water was proposing was a suitable way of addressing the feedback provided in Stage 3.

Customers were supportive of SA Water's plans to implement a CRM system and reinforced the importance of being able to assign a case number to each interaction with the business allowing SA Water to easily identify the customer's previous contact history.

During Stage 3 the customers in the business workshop highlighted the frustration they experience when contacting SA Water and suggested that a dedicated phone line for businesses would be helpful to accelerate their enquiries. After considering the proposed investment in digital channels and a CRM business customers advised they no longer believed the dedicated line was necessary as they could obtain the support they required with the new tools and systems being proposed.

The proposed expansion to the Customer Assist Program was supported by customers, although customers again reinforced the message from Stage 3 that education, specifically about the use of water, should be emphasised to those customers who are on the program. Customers would like to see SA Water actively seek to transition customers out of the Customer Assist Program. Customers in the workshops were also keen to understand how SA Water can better identify customers that are likely to experience hardship and provide assistance earlier to prevent hardship.

Customers also provided some input into benefits other than financial incentives that could be provided to customers on the Customer Assist Program, such as access to trades and services to identify and rectify leaks at a reduced cost.

There was some discussion regarding the difficulties associated with providing a financial incentive for customers that do not have a direct billing relationship with SA Water, such as Housing SA tenants. Customers felt that SA Water will need to ensure such customers are able to access the enhanced program.

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Good idea to have a single view – you should have a case number so you can identify if the caller is referring to the same or a different problem

– Resident, Regional

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Many of the people are not able to fix their plumbing, so maybe a connection between the plumbing world and SA Water so that they can stop them wasting

Water – Resident, Regional

Smart meters again proved to be a topic that generated rich debate. There was a level of disagreement with respect to SA Water's proposed action on smart meters amongst customers, in particular a difference of opinion between business customers and residential customers. Business customers (and some residential customers), did not agree with SA Water's proposed plans of running a smart meter trial as opposed to rolling out smart meters more broadly. Residential customers were generally more comfortable with SA Water not introducing a smart meter roll out.

Business customers were of the view that they would benefit from the adoption of smart meters. There were also general comments with respect to the adoption of technology, with business customers commenting that waiting another four years will likely see the technology become obsolete.







# Service standards

## Overview

In consultation with ESCOSA, SA Water sought to understand customer's opinions and support for potential changes to service levels, such as the time it takes SA Water crews to attend to bursts and leaks, and the likely impact on the typical SA Water bill. Customers in the Stage 3 workshops and online survey indicated they were satisfied with current levels of service and reliability.

Customers were presented with a range of potential investment options that would have an impact on service levels for issues such as:

- Bursts and leaks
- Sewer overflows
- Water quality events
- Unplanned service interruptions
- Minor leaks.

The current service standards set for SA Water and regulated by ESCOSA were also made available to customers in the workshops. SA Water presented how they are performing against those standards before options for increased or decreased levels of service were offered.

## Customer insights

### Customer insight #5

*Overall customers are satisfied with the level of service provided by SA Water*

Overall, customers who responded to the online survey were unprepared to pay for increases in current service levels, with workshop customers having no unanimous view on the services they would like SA Water to change.

## Summary of SA Water's proposed plans

In response to the insight that customers are satisfied with the current level of service SA Water proposes to invest in a 'business as usual' approach to ensure that current service levels are maintained.

## Customer feedback on SA Water's proposed plans

Stage 5 workshop customers agreed with SA Water's proposed plans to maintain the level of investment required to maintain current service levels.

Similar to the Stage 3 workshops there was some isolated conversation about slow running leaks and how quickly they can be attended to, although there was a clear understanding as to their relative importance in the context of SA Water's service response prioritisation process.

There was discussion that SA Water should consider how it engages with local media authorities and whether it can better inform them to ensure that the reporting of leaks is not over emphasised in the media, suggesting that often people have a distorted perception of the scale of the leaks due to the media profiling.

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I live where there are leaks all the time and I have SA Water there all the time. They are always there and always working on it.

– Resident, Metro

# Service delivery and investment

## Overview

A key theme from the Stage 1 research was customers wished to understand more about the infrastructure delivering water and wastewater services, and would like to see greater investment in preventative maintenance and pipe replacement programs.

SA Water took the opportunity during Stage 3 to ask customers about initiatives that could potentially address the concerns raised by customers during Stage 1.

These initiatives included:

- Water pressure modulation
- Amenity treatments for above ground infrastructure
- Noise attenuation
- Environmental projects.

Each potential initiative was accompanied by a likely impact to the typical SA Water bill, with customer views being sought on the initiative itself followed by their support when knowing the likely bill impact.

## Customer insights

### Customer insight #6

*Customers support cost effective investment in water pressure modulation to minimise infrastructure failures*

Customers value SA Water undertaking investment in projects that minimise infrastructure failures and may result in potential long-term cost savings.

### Customer insight #7

*Customers favour investment in visual amenity over noise attenuation*

Visual amenity treatments for above ground infrastructure were supported on a case-by-case basis, with an understanding that SA Water would look to only complete 1-2 amenity treatments per year. Noise attenuation was not considered a priority by the majority of customers.

### Customer insight #8

*Customers support investment in environmental projects where value and costs are well known*

Customers are becoming more environmentally conscious and support SA Water investigating ways it can reduce its environmental impact.

## Summary of SA Water's proposed plans

SA Water is proposing the following actions for service delivery and investment area for its RBP.

### Water pressure modulation

SA Water proposes to seek to reduce the frequency of bursts and leaks in metropolitan Adelaide area by installing 11 water pressure modulation valves. There are approximately 100 water pressure modulation valves in metropolitan Adelaide and SA Water believes the installation of a further 11 is a prudent investment.

### Amenity treatments

SA Water is planning to either replace or significantly upgrade existing waste water treatment facilities in Aldinga, Mannum, and Murray Bridge and will consider the visual amenity of these plants in the design for the upgrade.

### Noise attenuation

In Stage 3, customers were not prepared to invest in SA Water reducing noise levels resulting from its infrastructure to a level below that set by the EPA, SA Water proposes to continue to adhere to EPA requirements, forecasting no additional expenditure to exceed the standards.

### Adelaide Coastal Waters Study

SA Water plans to invest in further research to inform the future environmental investments it will make in response to the Adelaide Coastal Waters Study (CSIRO 2007). Standards have been set out by the Environmental Protection Authority for SA Water to meet from 2020.

### Customer feedback on SA Water's proposed plans

Customers in all workshops supported the pressure modulation valve initiative; although some customers sought clarification as to whether their water pressure at home or the water requirements of emergency services would be impacted.

Customers were in agreement that investment in the proposed visual amenity initiatives was prudent whilst not making any noise attenuation was also appropriate given the feedback received during Stage 3. The metropolitan workshops provided the most discussion on these topics, potentially because those customers are more likely to be directly impacted by these initiatives.

Generally customers were satisfied with SA Water's proposed research program to better formulate a response to the Adelaide Coastal Water Study, however there was debate as to the likely outcomes of the study and what the alternatives for investment were. Customers expressed a desire for transparency from SA Water on the findings of the study so that customers were aware of the benefits from future investment.

Regional workshop customers were focussed on the cost of the proposed program and were clear they expected to see tangible outcomes from the investment. Metropolitan customers appeared to recognise that the cost was prudent as opposed to making the large scale investment forecast to comply fully with the standards outlined in the study, however were concerned that SA Water wasn't taking action quickly enough, in particular with the knowledge that the study was completed in 2007.

Having suggested that SA Water should be taking more action with respect to the environment, beyond that of the proposed research program customers entered into detailed discussion with SA Water subject matter experts. These discussions highlighted that customers were unaware of the environmental activities that SA Water conducts as a part of their normal business operations.

It was suggested that SA Water undertake a more transparent approach to its environmental activities.

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## It seems to be all or nothing (in reference to Adelaide Coastal Waters Study)

– Resident, Residential





# Water quality

## Overview

The Stage 1 research highlighted that although customers recognise and value the work SA Water does in providing safe and reliable drinking water for South Australians, they believe the aesthetics (taste, colour, and odour) of tap water could be improved.

SA Water responded to this during Stage 3 by presenting the water treatment process SA Water undertakes to provide safe drinking water, and the complexities involved in doing so. Having set this context SA Water then presented two initiatives that could improve the quality of water across South Australia. These initiatives were:

- Regional water solutions to reduce salinity levels
- A metropolitan Adelaide taste enhancement program to address the smell and taste of chlorine.

Both initiatives were accompanied by a likely impact to the typical SA Water bill, with customer views being sought on the initiatives, followed by their support when knowing the likely bill impact.

## Customer insights

### Customer insight #9

#### *Customers support investment in water quality initiatives in areas experiencing significant issues*

Customers support SA Water investing in infrastructure to improve the aesthetics of water in areas that experience severe water quality issues which significantly affect the way in which customers use water.

### Summary of SA Water's proposed plans

SA Water is proposing the following actions to address water quality for its RBP.

#### Adelaide taste enhancement program

SA Water is not proposing to install additional chlorine booster stations as proposed during the Stage 3 Adelaide taste enhancement program.

#### Regional water treatment solutions

SA Water plans to invest in infrastructure to improve water quality for residents and businesses in Orroroo and Warooka.

### Customer feedback on SA Water's proposed plans

There was some debate amongst customers with respect to what defined 'significant' water quality issues. In particular there was polarisation amongst metropolitan and regional customers as to which regions SA Water should be focusing its investment.

Although customers agreed with the focus on ensuring that the response to the proposed initiatives is efficient, some believed more could be done.

Customers in the workshop took the opportunity to reiterate the importance of quality drinking water for all customers. Customers were interested and concerned about the levels of salinity in some regional areas and sought clarification from SA Water as to the proposed investment options to reduce the salinity levels.

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I think more people should think it's unacceptable that other people have to drink chlorine water. They should want to pay for people to have better water.

– Resident, Metro

The proposed Adelaide taste enhancement program aimed at reducing the level of chlorine in metropolitan water caused significant discussion and a polarised view between metropolitan and regional customers. Regional customers agreed with SA Water's response of not taking action to actively address the levels of chlorine in metropolitan Adelaide's water supply. Metropolitan residential customers however were of the view that SA Water should be actively addressing the levels of chlorine in metropolitan Adelaide, with all metropolitan workshop customers indicating they would still be prepared to pay for the taste enhancement program as presented to them during Stage 3.

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You used to not be able to drink metro water and now you can and that's a tribute to SA Water.

– Resident, Regional



# Water recycling

## Overview

During Stage 1 customers indicated a strong desire to see more effort from SA Water with recycling water, with a particular focus on the re-use and conservation of water.

During Stage 3 customers were asked about their views towards water recycling and their support for SA Water investigating options to expand its current water recycling schemes. Customers in the workshops and the online survey indicated water recycling schemes that focused on amenity use (watering parks, gardens and sporting complexes) and the agricultural industry should be the priority for SA Water.

## Customer insights

### Customer insight #10

#### *Customers value water recycling schemes that have broad community impacts*

Water security was of importance to customers who valued water recycling initiatives that focus on supplying non-drinking water for amenity and agricultural purposes.

### Summary of SA Water's proposed plans

In response to the Stage 3 insight that customers value water recycling programs, SA Water is proposing to continue to invest in the maintenance of its current water recycling schemes to ensure they remain beneficial for SA Water's business and the environment. However at present there is no planned further water recycling schemes.

SA Water does intend to seek opportunities to enter into commercial arrangements with direct beneficiaries of water recycling schemes, such as irrigators and agricultural customers, to implement schemes that do not come at a direct cost to the broader customer base.

### Customer feedback on SA Water's proposed plans

Water recycling remained an issue of great interest for customers during Stage 5. Customers were supportive of SA Water's proposed plans of focusing on the maintenance of existing water recycling schemes whilst seeking the opportunity for commercial schemes during the next RBP period, however there was a general

undertone that customers see water recycling as an important initiative and they would like to see SA Water do more.

Understanding the costs associated with large scale water recycling projects customers support SA Water's approach of seeking commercial opportunities for recycling programs.

Customers agreed that partnering with large businesses and industry will deliver solutions that can provide both an economically viable solution for the business and for SA Water, whilst providing the environmental and water conservation benefit of water recycling.

SA Water's role with respect to water recycling remains unclear, with many customers commenting on recycling systems used to provide water to public amenities such as parks and gardens, and the use of stormwater and not having a clear understanding of when SA Water is responsible or when it is the responsibility of other organisations such as local government.

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I just think they should probably do a bit more (in reference to water recycling) – Business, Metro

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Water for parks and gardens in Northern Adelaide might be something you could look into

– Resident, Metro

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How do we distinguish between council and SA Water schemes?

– Resident, Regional

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# Water for growth

## Overview

During Stage 1 the CAGs identified the need for SA Water to consider a range of opportunities to support economic development in South Australia. Customers were asked in the Stage 3 workshops and online survey if they believe SA Water has a role to play in promoting economic development within South Australia, and if so, how SA Water may achieve this.

## Customer insights

### Customer insight #11

*Customers believe SA Water has a role to play in contributing to the economic development of South Australia*

Customers believe SA Water has a role to play in the economic development of South Australia and provided a number of examples of how SA Water may achieve this, such as partnering with business and industry.

## Summary of SA Water's proposed plans

SA Water is proposing to continue to seek opportunities for growth in the areas of water recycling and industry development, however intends to do so in a manner that does not come at a direct cost to customers. This includes the intention to continue to identify products and services that may assist business and industry to establish or expand in South Australia.

## Customer feedback on SA Water's proposed plans

There was general consensus amongst Stage 5 workshop customers that SA Water's proposed business actions were an appropriate response to the Stage 3 insights. Customers were interested to understand how SA Water might partner with industry or councils to service new areas with recycled water.

---

Talking about using it [water] to grow stuff, and customers that use large amounts of water, can they use recycled water?

– Business, Metro

# Next steps

SA Water will consider the feedback provided by customers in each stage of the Customer Engagement Program to develop its RBP. On 31 August SA Water will submit its RBP to ESCOSA who, in September, will release it for public consultation on its website [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au). During this time the public will have an opportunity to review the proposal and submit a formal response to ESCOSA. In February 2016 ESCOSA will release its draft revenue determination, followed by its final determination in May 2016 in respect to water and sewerage retail services provided by SA Water. From 1 July SA Water will implement the requirements of the final determination. This will include the new water and sewerage prices determined by SA Water and the Government.

## Keeping customers informed

SA Water will keep customers and key stakeholders informed of the regulatory determination process through its website [www.sawater.com.au](http://www.sawater.com.au)

Contact us

**Deloitte**

11 Waymouth Street, Adelaide, SA, 5000

Tel: +61 8 8407 7000

[www.deloitte.com.au](http://www.deloitte.com.au)

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# SA Water Customer Engagement Program Stage 3 Report

# Background

The water landscape in South Australia has undergone significant change in recent years, with South Australia emerging from a period of prolonged drought that officially ended in 2012. In response to the conditions experienced during this period SA Water made large scale investment in water security measures, including protection of the River Murray network, the launch of water conservation measures such as Water Wise, and the development of the Adelaide Desalination Plant. The desalination plant is supported by the North South Interconnection System Project, enabling SA Water to deliver desalinated water from the South of Adelaide through to the Northern suburbs.

Customer behaviour has changed during this period with customers heeding the call from the South Australian Government to use less water. However despite this reduction in usage, prices have increased as a result of the investment made by SA Water to future proof the State against drought.

Although South Australia has moved out of drought conditions, the opinions of many customers are still heavily influenced by the memory of the drought. Customers who participated in the Stage 1 focus groups viewed water as a valuable resource, and therefore did not like seeing water wasted. The rationale behind the investment in the desalination plant is also not well understood, with some customers remaining sceptical of this investment.

In 2012 economic regulation was put in place for water service providers such as SA Water, with the Essential Services Commission of South Australia (ESCOSA) being the regulatory body responsible for overseeing this regulation. As the independent regulator for water in South Australia and as part of the process for setting the maximum revenue SA Water can earn in the next regulatory period, ESCOSA requires SA Water to formally submit a Regulatory Business Proposal (RBP).

The RBP outlines how SA Water plans to operate and invest in infrastructure and services in the interests of its customers. SA Water's first RBP was submitted in September 2012, with its second RBP due for submission in August 2015.

In its role as the independent regulator of water providers in South Australia, ESCOSA's responsibilities include industry licensing, consumer protection, and independent determination of SA Water's maximum revenue that can be recovered through drinking water and sewerage retail service prices. ESCOSA is also responsible for specifying service standards that SA Water must meet, including minimum levels of service customers can expect.

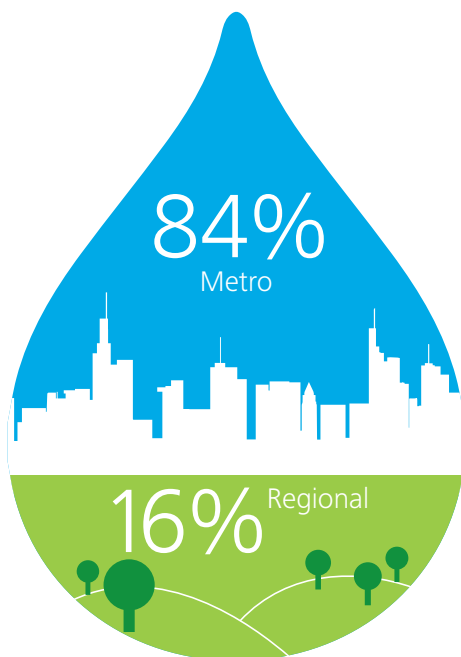
In 2013 ESCOSA set out a number of requirements for SA Water in relation to engaging with customers for the purpose of preparing and submitting its 2016-2020 RBP. In addition to this, SA Water wanted to engage with its customers to drive changes to its strategy, infrastructure, and expenditure to align with customer values and expectations of SA Water as a service provider. This report highlights the findings from this activity.

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## Who we engaged



## How we engaged



**9** workshops  
**144** workshop participants



Online survey  
**1232** survey respondents

## Customer insights



Customers would like to improve their experience with SA Water



Customers favour multiple channels of communication



Customers see the value in smart meters but are concerned about the costs



Customers are willing to contribute to an expansion of the Customer Assist Program



Customers are satisfied with the level of service provided by SA Water



Customers support cost effective investment in water pressure modulation to minimise infrastructure failures



Customers favour investment in visual amenity over noise attenuation



Customers support investment in environmental projects where value and costs well known



Customers support investment in water quality initiatives in areas experiencing significant issues



Customers value water recycling schemes that have broad community impacts



Customers believe SA Water has a role to play in contributing to the economic development of South Australia

# The Customer Engagement Program

## Scope

The Customer Engagement Program is the first of its kind for SA Water in both the breadth of customer engagement and detail in which customers were engaged, and sought to capture the needs and expectations of SA Water customers to guide future investment decisions on how SA Water can best serve them. The Customer Engagement Program consists of five stages which are detailed in figure 1.

SA Water commenced its Customer Engagement Program by partnering with its primary research provider *newfocus* to gain insight into customer values and expectations. Stage 1 consisted of a series of focus groups with SA Water customers and consultation with SA Water's Business and Residential Customer Advisory Groups (CAGs), and provided an opportunity for customers to identify key issues of importance. SA Water used this feedback for internal business planning during Stage 2 to develop potential service improvement and investment opportunities.

This report focuses on the outcomes of Stage 3, where SA Water sought to gain customer insights and opinions on the potential service improvements and investment opportunities developed by SA Water in direct response to the Stage 1 findings. SA Water also sought to clarify customer satisfaction with current levels of service, and understand areas in which customers would be willing to vary at either a decrease or increase in their SA Water bill.

In delivering appropriate levels of service to customers, SA Water is sensitive to the fact that customers are feeling the impact of a rise in the cost of many household living and business expenses including water prices. Testing customer support for changes in service levels was a critical element of the engagement process, and allowed customers to make informed decisions about the potential cost impacts of changes to services. To provide context for future pricing, SA Water's expected price path for the upcoming regulatory period was shared with customers, which detailed an expected increase of no more than CPI per year. Potential service improvements and investment

opportunities were presented to customers in the form of expenditure and savings proposals that could be included in SA Water's RBP for the next regulatory period, should customers support them. The costs and potential savings of these proposals would be in addition to the CPI price path.

SA Water again partnered with *newfocus* during Stage 3 of the Customer Engagement Program to understand the views and opinions of major customers and developers, in addition to their willingness to change current levels of service. The results of this research are included in this report where relevant.

Figure 1 – SA Water’s Customer Engagement Program









# Sampling and methodology

## Research objectives

A set of research objectives was developed in consultation with SA Water for the Stage 3 engagement activities which formed the basis of questions asked in the workshops and online survey. These questions were developed in order to guide the Customer Engagement Program in a way that tests customer values and expectations identified during Stage 1. The results of the Stage 1 research can be found at [www.sawater.com.au](http://www.sawater.com.au).

The research objectives were focused on the following topics:

- Customer experience
- Service standards
- Service delivery and investment
- Water quality
- Water recycling
- Water for growth.

## Sampling

In order to give SA Water customers the opportunity to present their views and opinions during the Stage 3 engagement activities, a total of 9 workshops were conducted with 144 customers (116 residential, 28 business) across metropolitan and regional South Australia during June 2014. Workshop participants were recruited on the basis of gender, age, household income, property ownership, geography, and recent contact with SA Water.

An online survey was also conducted between 14 June and 28 June 2014, which was completed by 1,232 customers. The online survey was made available to those without the internet through reply paid envelopes and customers had the opportunity to complete the survey via the phone by ringing the SA Water customer service centre.

Workshop location	Participants
Metropolitan Adelaide (Residential only)	16
Riverland	16
Pt. Lincoln	17
Pt. Augusta	16
Gladstone	16
Kangaroo Island	16
Mt. Gambier	16
Outer Metropolitan Adelaide (Mt. Barker)	16
Metropolitan Adelaide (Business only)	15
<b>Total</b>	<b>144</b>

Customer segment	Survey respondents
Residential	1,208
Business	24
<b>Total</b>	<b>1,232</b>

90% of survey respondents were located in metropolitan Adelaide, with 10% residing in regional South Australia. One respondent provided an invalid postcode and could not be attributed to a location.

Two further workshops were conducted in June 2014 with members of SA Water's Residential and Business Customer Advisory Groups (CAGs). The CAGs were established in 2012 to increase interaction between SA Water and representative customer groups to provide SA Water with a mechanism to obtain customer views and test assumptions about expectations.

### Residential customer advisory group attendees

Council of the Ageing SA

Consumers SA

Regional Communities Consultative Council

Multicultural Communities SA

### Business customer advisory group attendees

Business SA

Primary Producers SA

Australian Industry Group SA

The objectives of the CAG workshops were to:

- Identify issues of importance for member organisations and the customers they represent
- Seek comment and advice on interim workshop outcomes
- Seek support and involvement by CAG members in SA Water's broader Customer Engagement Program.

### Our role

Deloitte was responsible for ensuring the customer engagement activities were independent, robust, and that findings accurately reflected the views of SA Water customers. Deloitte facilitated workshops, with support from SA Water subject matter experts and the SA Water Stakeholder Engagement team. Deloitte also had responsibility for the development and analysis of the online survey.

During the development of the approach to the Customer Engagement Program, Deloitte worked with ESCOSA to provide the Commission with the opportunity to review and provide guidance on the process, ensuring it was meeting their requirements.

### Research approach

To collect the views of customers during the workshops a number of research techniques were used:

- Discussions were facilitated by Deloitte, with key insights being recorded
- Affinity processes were used to solicit individual thoughts and visually group themes for discussion
- Quantitative analysis for support of initiatives was conducted through a 'show of hands' count
- Worksheet activities were completed allowing participants to rank their chosen initiatives.

Customers in the workshops were provided with a level of education that enabled them to make an informed decision about the costs and benefits of proposed investment and service improvement opportunities.

This education was provided by SA Water subject matter experts with the aid of materials including a slide presentation, posters, and fact sheets. Education materials provided in the online survey were not as extensive as those provided in the workshops due to the length and constraints of the survey tool. It is possible that providing a greater level of education and information to survey respondents may have altered their responses.

Information collected during the workshops and online survey has been analysed and distilled into a set of eleven customer insights. The remainder of this report will outline these insights and provide evidentiary support.

Customers in both the workshops and online survey were asked about their SA Water bills in the context of understanding their tolerance for any potential price increases or decreases resulting from changes to SA Water's service levels. The majority of customers (60%) considered their last quarterly SA Water bill to be within a price range they had expected to pay. Customers were unprepared to accept either an increase in their bill for improved levels of service, or a decrease for reduced levels of service.

Survey data was analysed using a number of statistical tests to determine statistically significant differences in responses. Responses were analysed by region, with potential biases being identified to ensure that the sample of SA Water customers who responded to the survey were representative of the South Australian population in terms of age, gender and income. Due to the small sample of business respondents, business data has not been included in the forthcoming analysis but will be supplied to SA Water for consideration.

Responses to the online survey by location are included when there was a statistically significant difference between metropolitan Adelaide and regional respondents. Results have been displayed at an aggregate level for residential responses (denoted as 'residential respondents' survey graphs) when there was no statistically significant difference.

# Customer insights overview

## Overview of common themes

### Water is a highly valued resource by South Australians

The recent period of drought referred to in the introduction continues to influence the way customers view water in South Australia. Customers in the workshops and online survey viewed water as a valuable resource and as such, indicated that SA Water should be focusing on projects and initiatives that secures South Australia's water supply now and into the future.

Findings from the Stage 1 focus groups indicated customers wanted SA Water to invest in water recycling schemes. During Stage 3 customers were presented with information on the types and price impact of water recycling schemes SA Water could undertake. Customers supported these water recycling schemes and repeatedly expressed concerns about water wastage.

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I get really frustrated when I hear that there's a busted water main in Adelaide with water gushing out when I try really hard to conserve as much water as possible

– Resident, Regional

Customers valued initiatives that delivered significant return on investment for a large number of customers, and therefore were more focused on recycling schemes that supported agricultural activities and community amenity over providing recycled water to single suburbs. Customers also suggested that SA Water should take a holistic view to water security and recycling and look for ways to be involved with the capture, management, and treatment of stormwater.

Customers were also concerned with the amount of water lost as a result of infrastructure failures, in particular leaking fireplugs, meters, and pipes, and were interested in initiatives that could reduce these occurrences.

### SA Water's ownership and pricing structures are not well understood

Customers were generally unaware of SA Water's ownership structure and the legislative requirements SA Water is governed by, such as the *Public Corporations Act 1993*. The distinction between the roles and responsibilities of SA Water and State and Local Government was also not well understood.

Customers questioned SA Water's role as a commercial business, in particular its requirement to deliver a return to the Government of South Australia. One consistent point of discontent was that SA Water currently borrows money to invest in infrastructure, yet returns a profit to Government, with many customers suggesting profit could be used to pay down borrowings.

---

Why can't profit be used to offset your borrowing costs?

– Resident, Regional

Customers do not understand the pricing structure of water in South Australia and find it difficult to understand why their SA Water bills have been increasing despite reduced usage in response to water conservation measures and education. The reasons for implementing pricing models such as rating-on-abuttal, property based charges and the state-wide pricing model are not well understood by customers. Business customers indicated their primary pain-point with SA Water was charges that are fixed to property values, resulting in significant SA Water bills despite low water consumption levels.

There was a perception from regional customers that the state wide price provides for an inequitable outcome. Regional customers suggested they were unsure why they should invest in SA Water providing a more responsive service, as in many instances this will only have an impact on metropolitan customers.

Customers in the workshops also expressed confusion regarding elements of the typical SA Water bill such as the Save the River Murray Levy, including who is responsible for paying the levy and how the money is used. Customers also indicated major capital projects that have significant price implications should be included on the bill as separate line items to give customers transparency of SA Water's operations.

### Education will improve the experience of SA Water customers

Customers value engagement and consultation, and have a desire for SA Water to provide more education and information about its services and operating environment. Only 8% of customers in the workshops were aware of the education and sponsorship programs currently conducted by SA Water, with customers indicating these should be continued and expanded to organisations that have a broad community reach. Customers also suggested that any sponsorships SA Water undertakes have a direct link to water or wastewater.

Customers who attended the workshops were more likely to support expenditure by SA Water to improve their service experience than those who completed the survey. The likely reason for this is that workshop participants were provided with a greater level of education about SA Water, ESCOSA service standards, and SA Water's performance against those service standards.

Business customers view SA Water as the "experts in all things water" and suggested SA Water could provide independent advice on water related products and services and educate the customer base about these things. Customers believe that SA Water should consider expanding its involvement in matters currently out of their jurisdiction such as stormwater.



## Customer insights overview

# Customer experience

## Overview

As the largest water supplier in South Australia, SA Water has an important role to play in ensuring the water needs of 1.5 million South Australians are met. Key to this is an understanding of the experience customers have when interacting with SA Water.

With this in mind, research was focused on establishing the key elements of service important to customers when interacting with SA Water and sought to understand ways in which SA Water could improve these interactions.

Customers were asked about their views with the current customer service experience offered by SA Water, with the majority indicating they were satisfied with the customer service they receive from SA Water's customer service centre staff and operational crews. Customers did however provide some suggestions for improvement that included tailoring services and providing greater levels of communication.

Customers were also asked about their views towards emerging technology, how they would like to interact with SA Water in the future, and their views on SA Water's current Customer Assist Program.

## Customer insights

### Customer insight #1

*Customers would like to improve their experience with SA Water*

Overall customers are satisfied with their experiences interacting with SA Water with a desire for continual improvement being expressed by some customers.

### Customer insight #2

*Customers favour multiple channels of communication*

Customers want choice about how they interact with SA Water, with customers seeking online self-service options.

### Customer insight #3

*Customers see the value in smart meters but are concerned about the costs*

Customers are supportive of SA Water investigating the use of emerging technologies such as smart meters provided the associated costs are reasonable.

### Customer insight #4

*Customers are willing to contribute to an expansion of the Customer Assist Program*

Customers are supportive of SA Water expanding the offerings of its current Customer Assist Program for customers experiencing financial hardship.

## Findings

### Customer insight #1

*Customers would like to improve their experience with SA Water*

Overall customers were satisfied with the level of customer service they experienced when interacting with SA Water, with 31% of survey respondents having interacted with SA Water in the past 12 months. Customers who attended the workshops rated their experiences as positive overall, but suggested areas for improvement which are detailed on the next page.

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**Had a meter changed and SA Water told us they were going to be there on a certain day and they were there when they said they would be**

– Resident, Regional

### Tailoring services

Customers valued the service initiatives implemented by other utilities and financial institutions such as the provision of a call-back feature that enables them to provide their contact details during long customer service centre queue times. Of particular importance to regional customers was being able to contact local SA Water representatives, and suggested that if calls must be routed through a central customer service centre, operators have a level of local knowledge that enables them to quickly attend to location specific issues. In many instances regional customers mentioned that following an unsuccessful call to the customer service centre they were able to contact the local depot to have their concern addressed.

Customers in the workshops were surprised that SA Water did not currently have a single CRM system, and indicated the benefits to them include being able to interact with multiple people in SA Water without the need to repeat personal particulars and historical information.

SA Water projects the implementation costs of such a system would result in a \$0.90 p.a increase on the typical SA Water bill, which is the typical annual SA Water bill amount for customers excluding SA Water's top 125 major accounts, and that this cost would likely be passed onto the customer. Both metropolitan and regional residential customers believed this cost was acceptable, and were prepared to support SA Water undertaking this investment. Business customers and members of the Customer Advisory Groups were less supportive of this cost and suggested this is an investment that SA Water should fund at their own cost, without impacting the customer bill.

Customers who completed the online survey were less supportive of this initiative than workshop participants when knowing the potential cost implication, as detailed in figure 2. A likely reason for the discrepancy between the workshop findings and the survey findings is the context provided to the workshop participants on the current state of the systems used by SA Water, allowing them to make a more informed choice.

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## What do the people in Adelaide know about what's going on here?

### – Resident, Regional

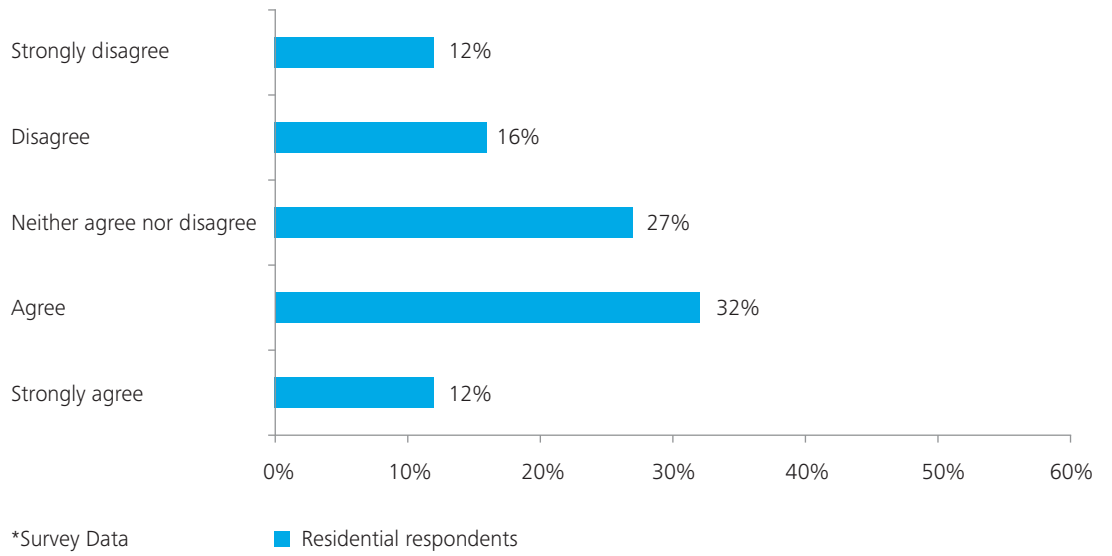
Business customers indicated they would value having a dedicated business number to call when contacting SA Water, with a focus on specific business requirements and issues.

Major customers valued having an SA Water contact assigned to their account. Major customers with no assigned contact expressed to desire for one in order to deal with serious issues in a direct and easy way.

Customers valued SA Water having a comprehensive view of their previous interactions, account history, and communication preferences to enable SA Water to move towards a 'case management' approach to customer service. To achieve this SA Water proposed investment in a Customer Records Management (CRM) system.

**Figure 2 – Support for a Customer Record Management system**

*Question: I support SA Water investigating a Customer Records Management system*



### Communication and timelines

Customers indicated one of their frustrations with the experience they currently receive from SA Water was a lack of communication regarding timelines and progress of reported faults and issues. Customers want to know if or when SA Water has responded to an infrastructure failure such as a burst or leak, and what the timeframes are for restoration. For minor fireplug and water meter leaks, customers suggested SA Water can place signage or markings that informs the community they are aware of the issue and have prioritised its repair.

It is likely that the level of frustration customers have with bursts and leaks is linked to their interest in water resource management as driven by previous drought conditions. When customers believe water is being wasted they find it frustrating that SA Water appear to be neither responsive in attending to the leak, nor do they make contact with the customer to advise them of the likely restoration time.

The website was the most preferred communication channel, followed by email and the customer service centre. This was consistent across geographies in both the workshops and the survey. Although business customers indicated email was their most preferred channel.

The website was the preferred channel for 'straight forward' interactions such as updating customer details, obtaining current burst or leak information, lodging applications and forms, paying accounts, and finding general information about SA Water's products and services.

Email was most preferred when customers wanted to access historical information such as requesting copies of previous bills and receiving regular updates on reported faults, complaints, or applications. For business customers the emphasis placed on email was due to its ease of use, familiarity, and record keeping properties.

The SA Water customer service centre was preferred for 'complex' interactions including reporting bursts or leaks, requesting payment extensions, and lodging complaints/inquiries where the details needed may be more easily communicated verbally than through written channels. For regional customers, these 'complex' interactions were preferred to be done on a face-to-face basis, with many regional customers valuing the customer centres that used to be present in major regional centres.

Residential CAG members and some regional workshop participants highlighted the importance of SA Water continuing to provide traditional communication channels for those who are not computer literate or connected to the internet. Members also suggested that any information presented to customers be available in multilingual formats, and that SA Water should engage with multilingual and ethnically diverse communities to ensure information is available to all customers. Customers who participated in the workshops preferred the use of SMS/text messages and mobile apps than those who completed the online survey.

## Electricity utilities give you a definition of why the power is out and SA Water should have that too

– Resident, Regional

### Customer Insight #2

#### *Customers favour multiple channels of communication*

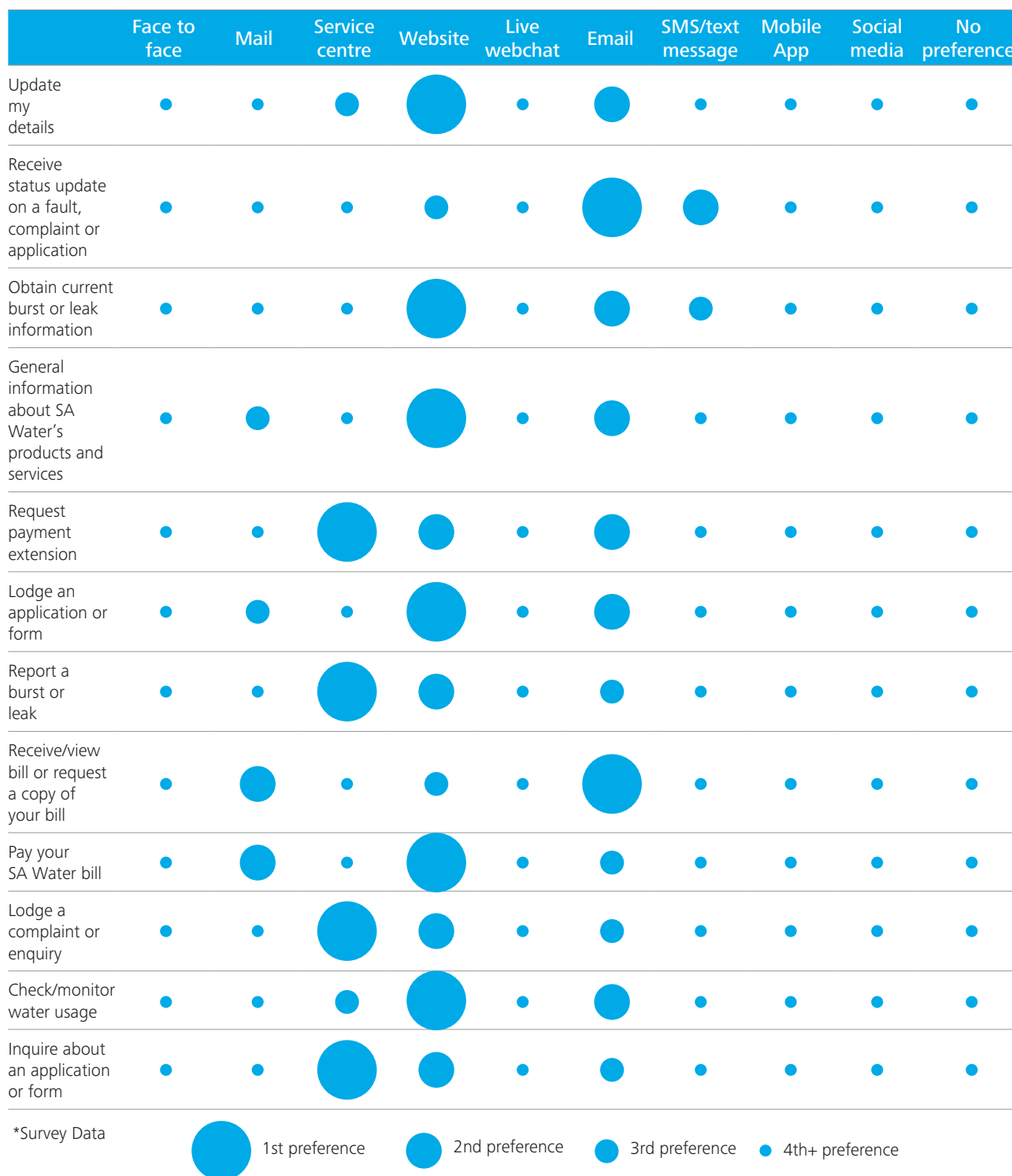
Customers indicated a preference for using multiple channels to communicate with SA Water in order to complete a variety of service interactions. Communication options provided to customers for consideration were as follows:

- Face to face
- Mail
- Customer service centre
- Website
- Email
- Mobile devices
- Social media.



**Figure 3 – Communication Channel Preferences**

Question: How would you like to communicate with SA Water about the following services?



**Customer insight #3*****Customers see the value in smart meters but are concerned about the costs***

Customers are aware of emerging technology, such as smart meters, due to their use in the utilities sector nationally and worldwide, and are supportive of SA Water exploring ways to incorporate new technology in the delivery of its services. Water smart meters are conventional water meters with a 'data logger' attached that automatically conducts a reading every 15 minutes. It was explained to customers that this would enable SA Water to accurately read their meter, facilitate remote meter reading, and detect leaks earlier.

Customers supported SA Water conducting further research regarding the costs and benefits of smart meters in addition to potential implementation options, as detailed in figure 4. It was explained in the workshops that smart meters could be linked to the previous investment proposal for a Customer Records Management system, providing a range of self-service options that enables customers to monitor their usage across a range of communication devices.

However, customers who attended the workshops and completed the online survey were not supportive of SA Water undertaking a smart meter rollout within the next regulatory period due to the price implication this would have on the typical SA Water bill (\$30-\$50 p.a increase).

Customers in the workshops also suggested SA Water investigate implementation options. Options suggested included a user pays system, where customers can elect to pay for the full or a partial amount of the smart meter upfront, in addition to a customer opt-in implementation option where only those who elect to receive a smart meter need to pay.

Members of the Customer Advisory Groups discussed smart meters and their benefits to the customers, with members of the residential CAG indicating they were unsure what the benefits to the customer would be. Members of the business CAG suggested there would be an appetite for a user-pays system for high water consumption businesses.

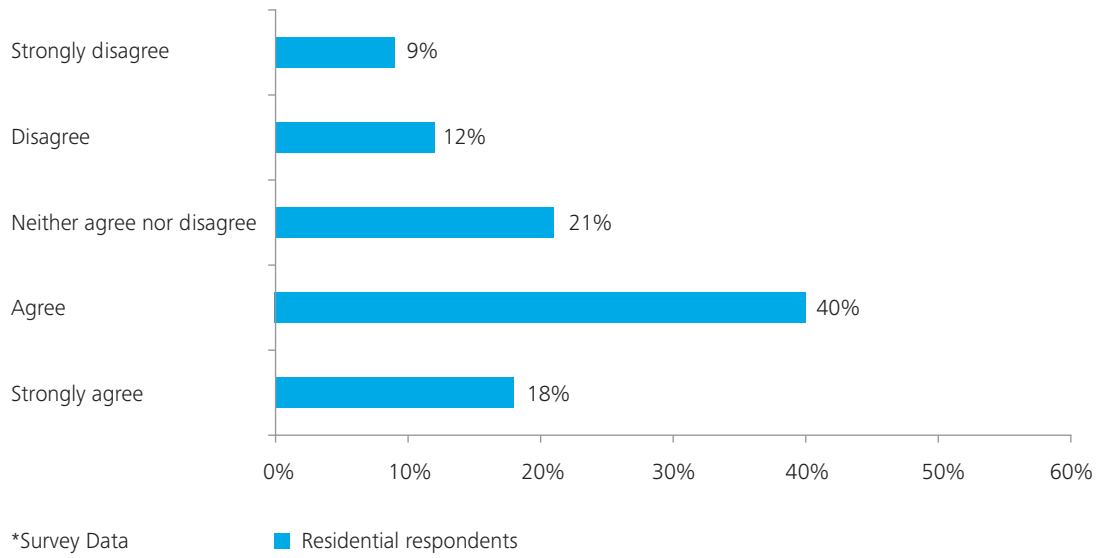
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**Think this is a great idea but the cost is a bit much**

– Resident, Metro

**Figure 4 – Support for SA Water to investigate smart meters**

*Question: I support SA Water investigating an investment in smart meters*



**Customer insight #4*****Customers are willing to contribute to an expansion of the Customer Assist Program***

SA Water offers a Customer Assist Program that aims to assist customers to meet their financial obligations with regard to water and wastewater services.

SA Water's Customer Assist Program is open to residential customers experiencing financial hardship that have been identified by SA Water, an accredited financial counsellor or welfare agency, who are willing to pay their SA Water bill but lack the financial ability to do so.

SA Water arranges payment plans for these customers experiencing financial hardship, with approximately 3,500 customers currently participating in this program. This equates to less than 0.5% of SA Water's customers base.

Our research sought to understand if customers were supportive of expanding the Customer Assist Program to offer support measures, such as debt forgiveness for a single quarterly bill, in cases of extreme hardship. Customers were asked if they were prepared to contribute \$1 per annum to this program, with the revenue being used only for this purpose. Customers who completed the online survey were supportive of this initiative, with 64% supporting this expansion, with regional customers giving the highest levels of support at 76% as detailed in figure 5. Support in the workshops was higher, with 71% of customers supporting the expansion, with regional workshop customers indicating this program may be something a large portion of regional residents may need to access.

Customer discussion within the workshops proposed the selection criteria for the Customer Assist Program be stringent. Customers also believed that a key objective of the program should be to transition people out of hardship, and therefore in addition to financial support believed that education about water consumption and water conservation be supplied to customers who access this program.

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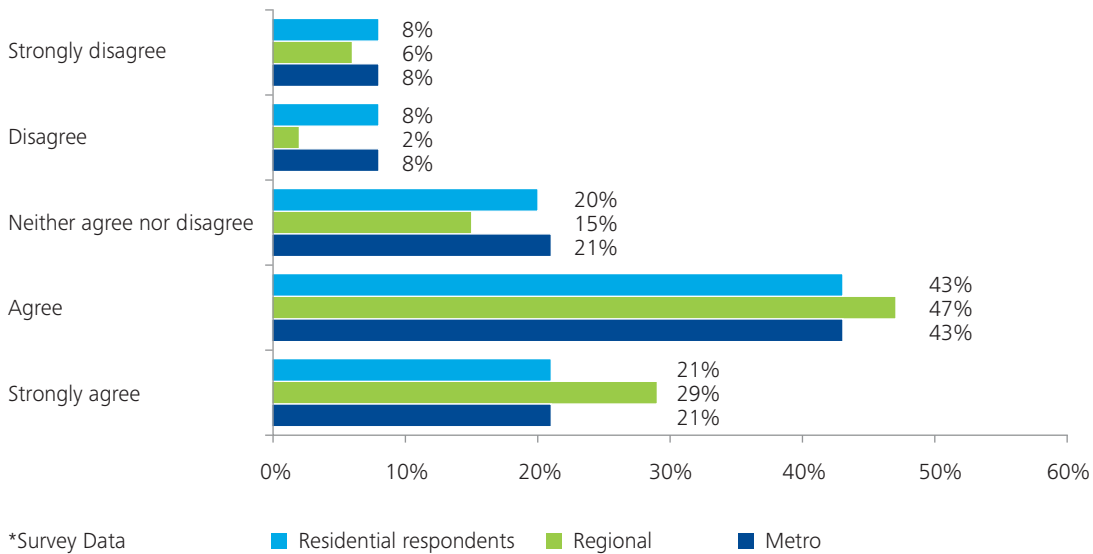
**Definitely support it as a lot of people would need it here**

– Resident, Regional



**Figure 5 – Support for further investment in a Customer Assist Program**

*Question: I support SA Water further investing in its current Customer Assist (hardship) Program*





## Customer insights overview

# Service standards

## Overview

Customers were asked about their opinions and support for potential changes to service levels, such as the time it takes SA Water crews to attend to bursts and leaks, and their likely impact on the typical SA Water bill. Customers in the workshops and online survey indicated they were satisfied with current levels of service and reliability.

Customers were presented with a range of potential investment options that would have an impact on service levels for issues such as;

- Bursts and leaks
- Sewer overflows
- Water quality events
- Unplanned service interruptions
- Minor leaks.

The current service standards set for SA Water and regulated by ESCOSA were also made available to customers in the workshops. SA Water presented how they are performing against those standards before options for increased or decreased levels of service were offered.

## Customer insights

### Customer insight #5

*Overall customers are satisfied with the level of service provided by SA Water*

Overall, customers who responded to the online survey were unprepared to pay for increases in current service levels, with workshop customers having no unanimous view on the services they would like SA Water to change.

## Findings

### Customer insight #5

*Overall customers are satisfied with the level of service provided by SA Water*

ESCOSA is responsible for determining the minimum acceptable levels of service SA Water can provide to customers across South Australia, with these levels being known as 'service standards'.

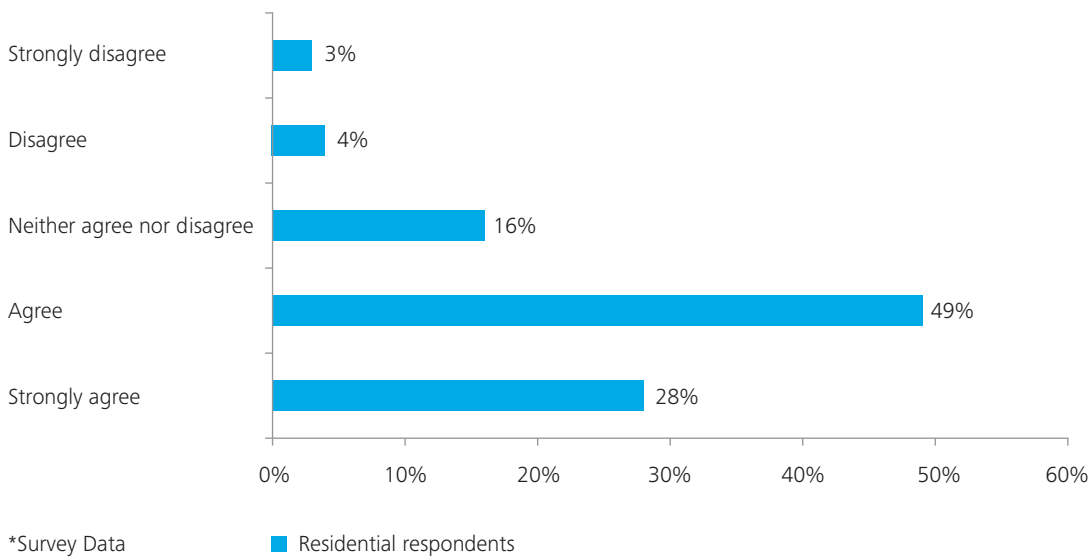
A subset of these services standards were presented to customers who attended the workshops, along with SA Water's current performance against these standards. Views were sought as to whether customers were prepared to either increase or decrease their water bills for increased or decreased levels of service.

Customers in the Stage 1 focus groups indicated frustration with the process of reporting and repairing small leaks, and expected major infrastructure failures such as pipe bursts to be resolved within 2 hours and minor failures such as leaking pipes to be attended to within 24 hours and resolved within 2 days. Additionally, 52% of customers who responded to the online survey indicated an unexpected disruption to their water supply for a few hours wouldn't bother them too much if they were given plenty of notice. Customers indicated they would like to receive notification 4-5 days prior to planned interruptions, with regional customers suggesting 5-6 days' notice would be appropriate. Major customers indicated they would require a minimum of 7 days notice for planned interruptions.

77% of customers who responded to the online survey also indicated they are satisfied with the current reliability of water and wastewater services provided by SA Water.

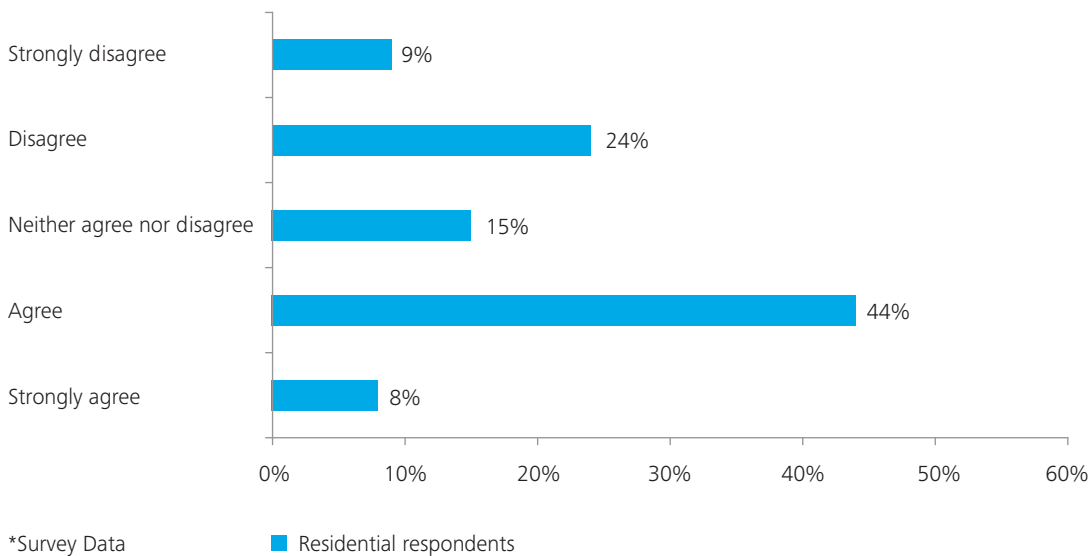
**Figure 6 – Satisfaction with reliability**

*Question: I am satisfied with the reliability of water and wastewater services*



**Figure 7 – Impact of an unexpected water supply interruption**

*Question: A disruption to my water supply for a few hours wouldn't bother me too much if I was given plenty of notice*





In response to the Stage 1 findings, SA Water undertook preliminary analysis on the costs involved with reducing response and restoration times for infrastructure failures, and how this cost would impact the typical SA Water bill. In doing so, SA Water also analysed the savings that could occur should response and restoration times be increased for infrastructure failures, along with a number of other service standards.

Customers in the workshops completed a worksheet that included 18 potential service standard changes and their likely impact to the typical SA Water bill. Subject matter experts from SA Water presented SA Water's current performance against ESCOSA service standards, the inputs that make up this performance, and what inputs would change as a result of either increased or decreased investment in service levels. Customers were asked to select the changes they supported and then prioritise the selected changes according to their level of importance. If customers were satisfied with SA Water's current performance no selection was required. The full list of potential service standard changes can be found in Appendix A.

73% of workshop participants indicated they would like SA Water to change its service levels for at least one of the proposed actions, with the majority of these participants selecting changes that would have a total bill impact of \$0-\$3 per annum. The top three priority actions selected by participants were:

1. Increasing investment in crews and vehicles to reduce the time it takes to attend to major bursts and leaks
2. Increasing investment in crews and vehicles to reduce the time it takes to attend sewer overflows
3. Increasing expenditure on replacing water mains to reduce the number of bursts and leaks by approximately 25%.

While 73% of workshop participants selected at least one service standard change; there was a lack of unanimous support for any one potential change. The majority of customers who responded to the online survey were unprepared to accept the likely bill impacts resulting from any investment to improve service levels.

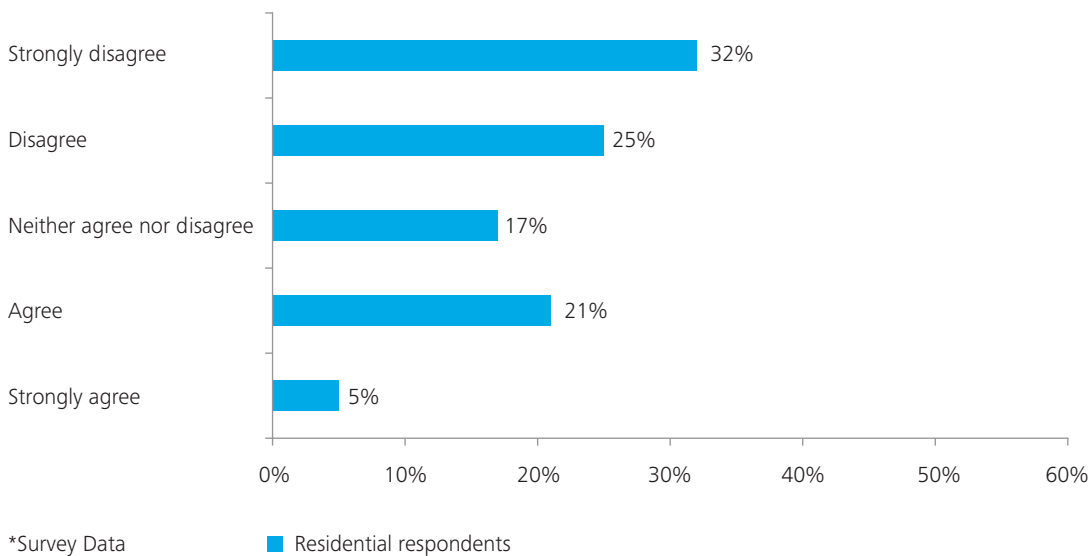
Customers in the Stage 1 focus groups expected pipe bursts to be attended to and resolved within two hours. SA Water has proposed that to improve its current burst attendance and restoration times, investment in additional operational labour and equipment would be required. This investment would have a likely impact on the typical SA Water bill of \$2 and \$2.50 per annum.

When presented with this investment, only 26% of survey respondents were prepared to accept the increase to reduce attendance times, with 25% of survey respondents being prepared to accept the increase to reduce SA Water's current restoration times.

Major customers were prepared to accept the cost implications of reducing attendance and restoration times for bursts and leaks if the reduction was a significant improvement from current times.

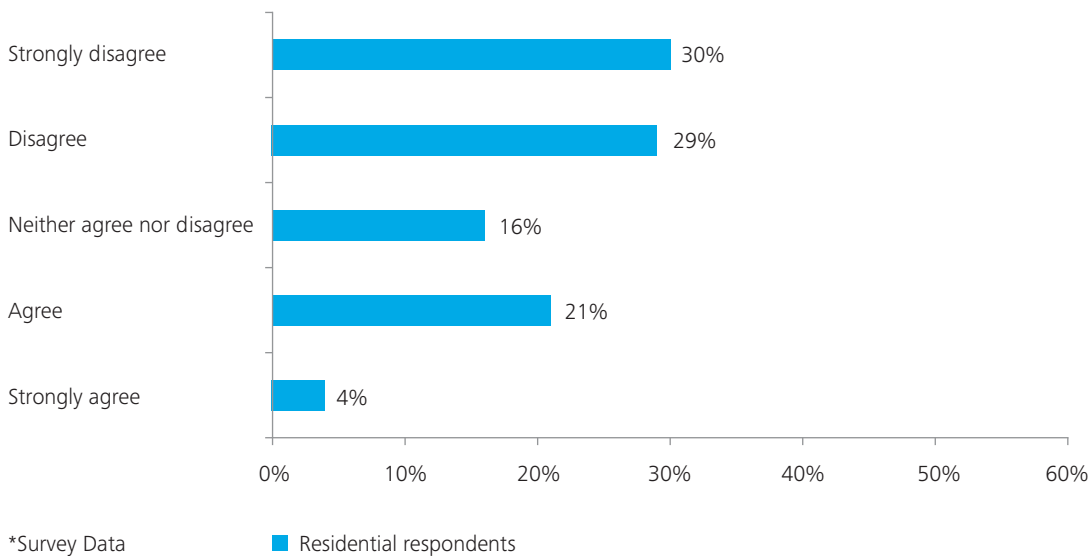
**Figure 8 – Preparedness to pay to reduce burst water pipe attendance time**

*Question: I'd be prepared to pay MORE on my SA Water bill to REDUCE the time taken to attend a BURST water pipe (which disrupts my water supply)*



**Figure 9 – Preparedness to pay to reduce water supply restoration times**

*Question: I'd be prepared to pay MORE on my SA Water bill to REDUCE the time taken to restore water supply*

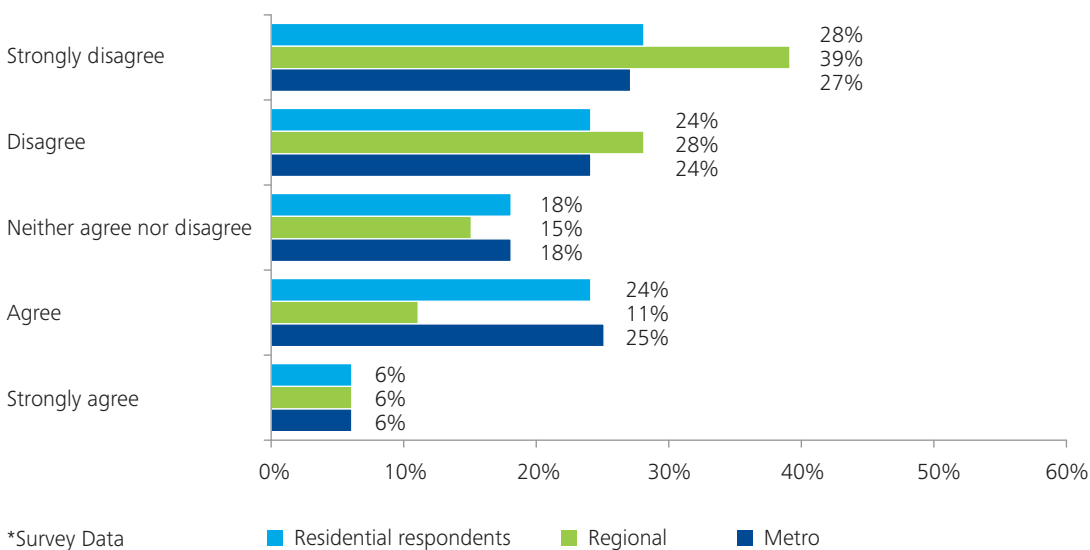


Customers who responded to the online survey were also unprepared to accept the likely bill impact of SA Water increasing its expenditure to reduce the number of bursts and leaks that occur throughout South Australia, with only 30% of customers giving their support (agree and strongly agree). Regional respondents indicated the highest levels of unpreparedness, with only 18% supporting SA Water undertaking this investment. Major customers also indicated they were unprepared to accept the cost implication of SA Water undertaking this investment and saw this as a core function of SA Water’s operations.

Only 34% of customers who responded to the online survey were prepared to accept the likely bill impact of \$2 per annum to reduce the average time it takes SA Water to attend to sewer overflows, with 30% of customers accepting the bill impact of \$2.50 per annum to reduce the average time it takes SA Water to restore sewerage services. Major customers were also unprepared to accept this likely bill impact due to SA Water being legally required to attend to and restore sewer overflows within a specific timeframe due to public health legislative requirements.

**Figure 10 – Preparedness to pay to reduce the number of bursts and leaks**

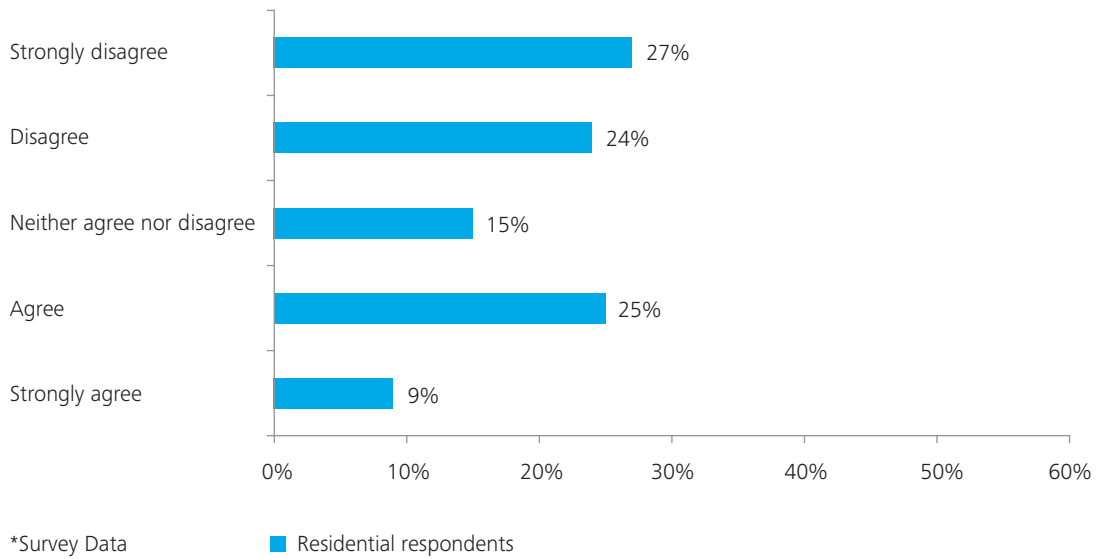
Question: I’d be prepared to pay MORE on my SA Water bill to REDUCE the number of bursts and leaks



**SA Water should be actively replacing infrastructure. Customers shouldn’t have to pay**  
 – Major Customer Metro

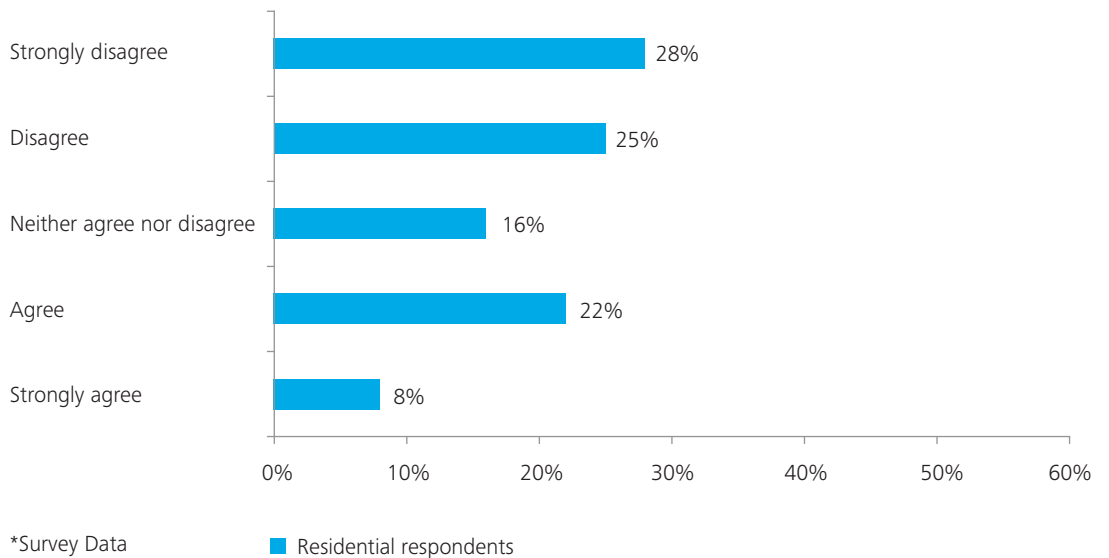
**Figure 11 – Preparedness to pay to reduce wastewater overflow attendance times**

*Question: I'd be prepared to pay MORE on my SA Water bill to REDUCE the time taken to attend wastewater (sewerage) overflows*



**Figure 12 – Preparedness to pay to reduce wastewater overflow restoration times**

*Question: I'd be prepared to pay MORE on my SA Water bill to REDUCE the time taken to restore wastewater (sewerage) services*





Customers who attended the workshops were more likely to support SA Water changing at least one of its service standard levels when compared to customers who responded to the online survey. This may be explained by the detailed level of information presented to customers in the workshop that enabled them to have a greater understanding of the way in which SA Water currently delivers its services and its performance against current service standards. Additionally, workshop participants were presented with 18 potential changes to service levels, while survey respondents were presented with five due to the time and information constraints of the online survey.

This suggests that customers with a greater level of understanding of SA Water's operations are more likely to support changes that improve service levels. Providing education to the wider customer base may change customer's willingness to support changes in service levels.



## Customer insights overview

# Service delivery and investment

## Overview

A key theme from the Stage 1 research was customers wished to understand more about the infrastructure delivering water and wastewater services, and would like to see greater investment in preventative maintenance and pipe replacement programs.

SA Water took the opportunity during Stage 3 to ask customers about initiatives that could potentially address the concerns raised by customers during Stage 1. These initiatives included;

- Water pressure modulation
- Amenity treatments for above ground infrastructure
- Noise attenuation
- Environmental projects.

Each potential initiative was accompanied by a likely impact to the typical SA Water bill, with customer views being sought on the initiative itself followed by their support when knowing the likely bill impact.

## Customer insights

### Customer insight #6

#### *Customers support cost effective investment in water pressure modulation to minimise infrastructure failures*

Customers value SA Water undertaking investment in projects that minimise infrastructure failures and may result in potential long-term cost savings.

### Customer insight #7

#### *Customers favour investment in visual amenity over noise attenuation*

Visual amenity treatments for above ground infrastructure were supported on a case-by-case basis, with an understanding that SA Water would look to only complete 1-2 amenity treatments per year. Noise attenuation was not considered a priority by the majority of customers.

### Customer insight #8

#### *Customers support investment in environmental projects where value and costs are clearly defined*

Customers are becoming more environmentally conscious and support SA Water investigating ways it can reduce its environmental impact.

## Findings

### Customer insight #6

#### *Customers support cost effective investment in water pressure modulation to minimise infrastructure failures*

Customers were concerned with the number of bursts and leaks that occur throughout the network and supported initiatives that have the potential to reduce their frequency. Water pressure modulation is a potential initiative that was presented as a way to reduce the frequency of bursts and leaks. This process involves installing a number of Pressure Reducing Valves (PRVs) throughout the water network that regulate the water pressure within a defined area during times where pressure exceeds the demand for water, such as the middle of the night. The reduction in water pressure would likely reduce the frequency of bursts and leaks as less pressure would be placed upon the pipe network, which may result in reduced expenditure related to restoring supply and repairing infrastructure. High water pressure also has the potential to damage in-home plumbing systems.

Preliminary analysis by SA Water suggests the likely cost of undertaking water pressure modulation would be approximately \$12m, which would equate to a \$1.30 per annum increase in the typical SA Water bill. Customers indicated the potential bill impact was acceptable, with 87% of workshop participants supporting SA Water undertaking Water pressure modulation within the next regulatory period.

Customers agreed that a potential benefit of Water pressure modulation would be a reduction in the amount of major infrastructure and water mains that would need replacing in areas of high water pressure. Members of the Business CAG suggested this initiative should be cost neutral to the customer due to the potential long-term cost savings that could be realised by SA Water.

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**This could be extremely cost effective if it saves on bursts over multiple years**

– Business, Metro

**Customer insight #7*****Customers favour investment in visual amenity over noise attenuation***

Improving the aesthetics of SA Water infrastructure in residential areas was of importance to customers, who indicated that SA Water should be looking for ways to ensure infrastructure such as pump stations are visually appealing and reflective of the local environment.

Customers in the workshops were provided information about amenity treatments for above ground infrastructure such as pump stations which may involve renovating, refitting, and landscaping the surrounding area and vegetation. The likely cost of completing amenity treatments would be between \$700k-\$1.7m per pump station, which would have an approximate bill impact of a \$0.20 per annum increase in the typical SA Water bill. The benefits to the customer may include an overall uplift in the visual amenity of the areas surrounding the pump stations, and potentially positive effects

In addition to visual amenity, SA Water has an obligation to ensure noise output from infrastructure complies with guidelines set by the Environment Protection Authority (EPA). To comply with EPA guidelines SA Water undertakes noise attenuation on infrastructure such as pump stations in residential areas. Noise attenuation is the process of reducing and controlling the amount of noise emanating from SA Water's infrastructure through sound proofing. The EPA sets the upper limit of noise which can emanate from SA Water's infrastructure during day-light and night-time hours. In some cases although SA Water's infrastructure complies with EPA standards, feedback is received from residents living nearby indicating they are still able to still hear noise at levels they deem to be unacceptable.

In order to address this, SA Water may decide to go beyond the levels of the EPA guidelines to minimise noise to a level that is acceptable for local residents by undertaking further noise attenuation. Based on previous attenuation programs SA Water estimates the cost of completing this additional work would be approximately \$6m-\$14m per pump station, which would equate to a \$0.80-\$1.60 per annum increase in the typical SA Water bill. While customers valued the process of undertaking noise attenuation, only 46% of workshop participants indicated this is an initiative they are willing to support should the costs be passed onto the broader customer base.

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**I prefer to spend a little bit more money to make the station look nice so it doesn't negatively affect my house value**

– Resident, Outer Metropolitan Adelaide

on neighbouring property values. 77% of workshop participants supported SA Water undertaking above ground amenity treatments when knowing this likely bill impact. Customers expected SA Water would only consider amenity treatments for new infrastructure, be that new infrastructure in new developments or new infrastructure being placed in existing residential neighbourhoods, with a view that only 1-2 would need completing per annum.

Customers also indicated that SA Water should consult with the community and local councils, ensure that treatments be tailored to the surrounding environment and are not excessive, and that SA Water use Australian Made products and materials where possible.

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**Seems like a lot of money to please a few people, can you compensate in other ways?**

– Resident, Regional



The primary reason participants were unwilling to support this initiative was due to the limited number of customers that would benefit from the additional investment, and indicated SA Water could provide other forms of compensation to affected residents such as rebates and discounts to their SA Water bill.

**Customer insight #8**

***Customers support investment in environmental projects where value and costs are clearly defined***

Recognising its obligation to deliver services in an environmentally sustainable manner, SA Water currently contributes 7% of its capital expenditure to projects that have positive environmental impacts. In recent years customers have become increasingly aware of the impact large utilities have on the environment, with workshop participants unanimously supporting SA Water allocating a portion of its capital program to projects that have a positive environmental impact.

SA Water presented to customers a potential mandatory future environmental project in response to the "Adelaide Coastal Waters Study" published by the CSIRO in 2007. One of the recommendations of the report was to have organisations that discharge wastewater and industrial inputs into the Adelaide Coastal Waters reduce the amount of nitrogen present in these discharged substances by 75%.

In order to achieve this SA Water may need to undertake large-scale investment to upgrade its wastewater treatment plants to improve the quality of wastewater being discharged into the ocean, which would have a significant impact on the typical SA Water bill.

Customers in the workshops were asked about their preferences for receiving likely bill impacts of major environmental capital projects, with 81% indicating they would prefer to receive increases over multiple periods instead of once off lump sum payment. Customers also indicated they would need detailed information about SA Water's plans and likely price implications before giving their support for SA Water to undertake significant environmental investment. Customers also indicated that reducing the quantity of wastewater discharged into the ocean by utilising water recycling schemes was a cost effective way for SA Water to reduce its impact on the environment.

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## Need more information before supporting this kind of investment

– Resident, Regional

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## If we didn't go ahead and do this you will only create problems further down the track that would cost more

– Resident, Regional





## Customer insights overview

# Water quality

## Overview

The Stage 1 research highlighted that although customers recognise and value the work SA Water does in providing safe and reliable drinking water for South Australians, they believe the aesthetics (taste, colour, and odour) of tap water could be improved.

SA Water responded to this during Stage 3 by presenting the water treatment process SA Water undertakes to provide safe drinking water, and the complexities involved in doing so. Having set this context SA Water then presented two initiatives that could improve the quality of water across South Australia. These initiatives were;

- Regional water solutions to reduce salinity levels
- A metropolitan Adelaide taste enhancement program to address the smell and taste of chlorine.

Both initiatives were accompanied by a likely impact to the typical SA Water bill, with customer views being sought on the initiatives, followed by their support when knowing the likely bill impact.

## Customer insights

### Customer insight #9

#### *Customers support investment in water quality initiatives in areas experiencing significant issues*

Customers support SA Water investing in infrastructure to improve the aesthetics of water in areas that experience severe water quality issues which significantly affect the way in which customers use water.

## Findings

### Customer insight #9

#### *Customers support investment in water quality initiatives in areas experiencing significant issues*

A portion of customers who participated in the Stage 1 focus groups indicated they experience issues with the aesthetics (look and taste) of tap water such as high levels of salinity and/or strong chlorine odours and taste, and indicated they would like SA Water to provide equivalent tasting water to home filtered water.

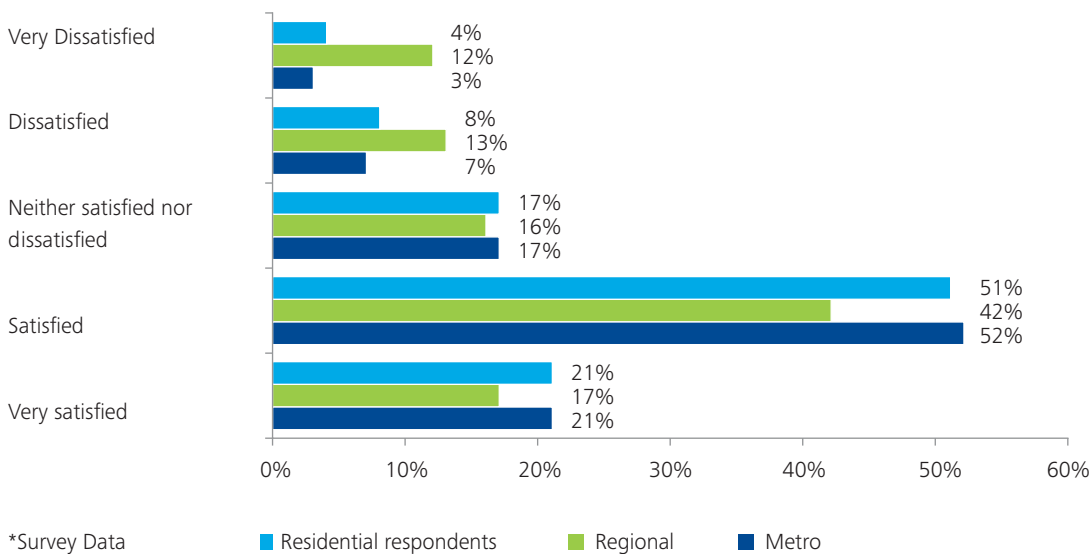
As denoted in figure 13, 72% of customers who responded to the online survey indicated they were satisfied with the quality of their tap water, with regional customers indicating the lowest levels of satisfaction at 59%. Key findings of the water quality questions asked in the survey suggest:

- 55% of customers are satisfied with the taste of their tap water
- 74% of customers are satisfied that their tap water is safe to drink
- 82% of customers are satisfied with the clarity of their tap water
- 82% of customers are satisfied with the colour of their tap water
- 66% of customers are satisfied with the odour of their tap water.

Customers are sensitive to price changes and cautious of SA Water investing in large scale capital programs that benefit a limited number of customers. This was reinforced in the online survey, with 70% of customers who responded being unprepared to accept an increase in the typical SA Water bill to improve the taste of tap water.

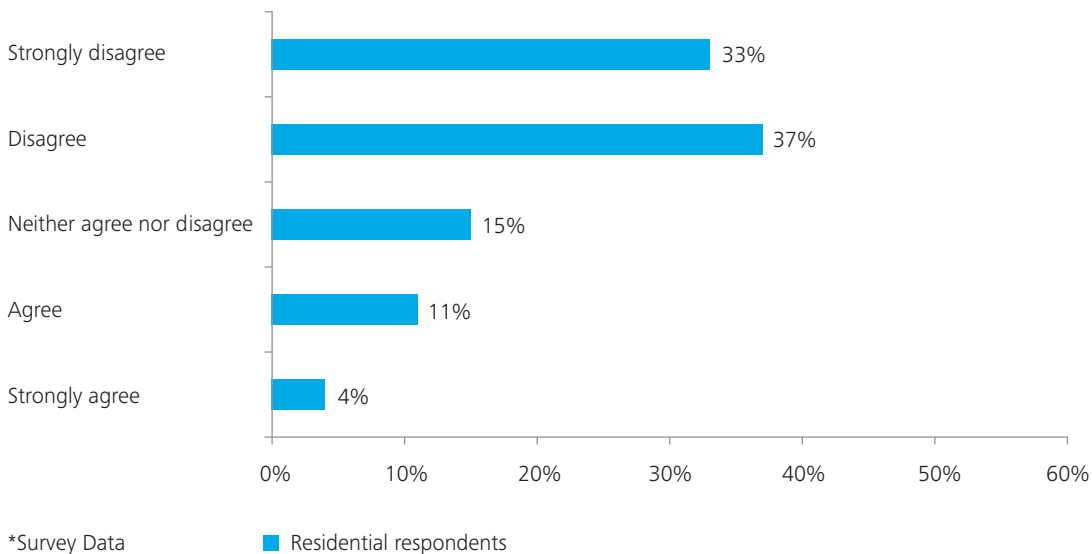
**Figure 13 – Satisfaction with the quality of tap water**

Question: Thinking about your tap water, how satisfied are you with the overall quality of the water?



**Figure 14 – Preparedness to pay to improve the taste of tap water**

Question: I'd be prepared to pay MORE on my SA Water bill to improve the taste of tap water



A portion of customers in the Stage 1 focus groups indicated their drinking water emanates a strong chlorine odour or taste, which may occur for customers living in close proximity to water treatment plants. Currently chlorine dosages are completed at water treatment plants and boosted at a small number of locations within the network. The treated water is dosed to a level that ensures an appropriate amount of chlorine at the end of the pipe network to provide safe drinking water for all customers. Chlorine is required to be added water as part of the disinfection process, killing harmful bacteria and viruses, with dosages currently being below Department of Health (DoH) maximum limits.

In order to address the chlorine odour and taste issues certain customers experience; SA Water indicated it could add a number of 'chlorine booster stations' across the metropolitan Adelaide water network. These stations would provide additional small injections of chlorine into the pipes, alleviating the need for large dosages at the source of the treatment plant, resulting in customers in close proximity to the treatment plant experiencing improvements in the odour and taste of their tap water.

Customers in the workshops were educated about the costs of installing these chlorine booster stations, with each station costing approximately \$1m. This would equate to a \$0.13 per annum increase in the typical SA Water bill per booster station, with SA Water representatives indicating approximately 15 booster stations would need to be constructed. 55% of customers supported SA Water investigating options to invest in a number of chlorine booster stations and found the potential cost implication to be acceptable. Metropolitan workshop customers indicated higher levels of support, with 80% supporting this initiative compared to 47% of regional customers. Regional customers in the workshops advocated SA Water looking into alternative cost effective solutions to support customers who experience water quality issues.

Regional customers who were unsupportive of this investment indicated it was due to the limited number of customers who would realise the benefits, and suggested that customers who experience undesirable chlorine odours or taste should be responsible for investing in household filtration systems or rainwater tanks, so long as chlorine levels are within Department

of Health standards. Regional customers also suggested that SA Water can provide independent advice regarding the performance of filtration systems, with the possibility of introducing rebates for customers to purchase these systems.

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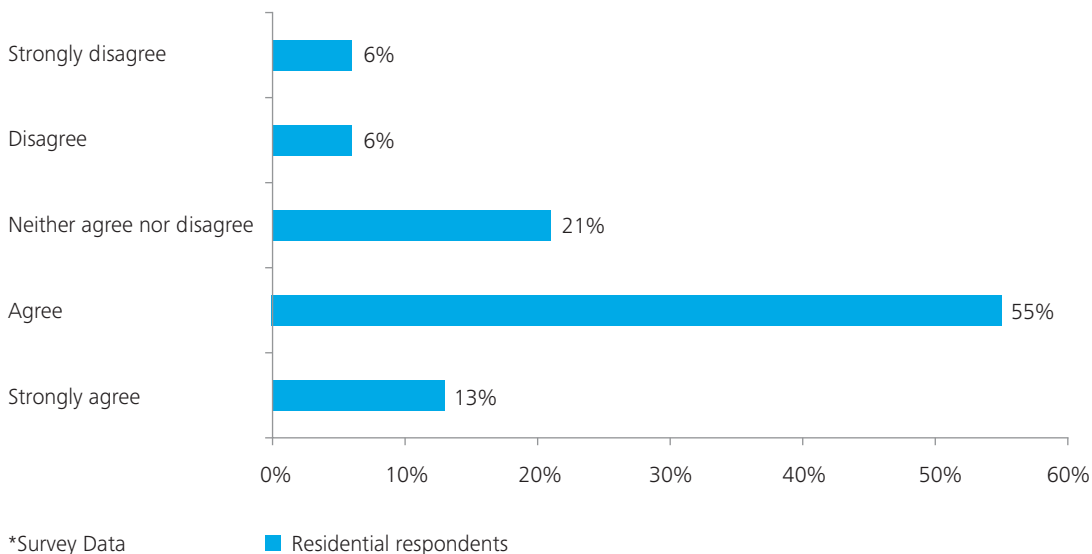
## Taste is based on personal preference so the person should pay

### – Resident, Outer Metro Adelaide

Another potential initiative SA Water can undertake to address water quality issues is investing in regional water quality solutions. A small portion of customers in regional areas experience high levels of salinity in their drinking water due to high salt content in the underground aquifer systems and River Murray that supply these communities. Customers in regional locations may have to regularly replace their in-house plumbing systems and be unable to conduct regular wash downs of their business premises due to salinity in the water corroding metal pipes and work area walls. In order to address issues like this, SA Water can invest in regional water quality solutions such as small-scale reverse osmosis systems on a case-by-case basis in communities where salinity levels are significantly above the recommended levels in the National Drinking Water Guidelines for palatability.

Customers were made aware that these regional water quality solutions would cost \$6m-\$10m per solution, which would equate to approximately a \$1.30 per annum increase in the typical SA Water bill. SA Water indicated only one regional water quality solution has been scheduled for the next four years. Knowing this, 68% of customers supported SA Water investigating options to undertake investment in regional water quality solutions and found the likely bill impact of \$1.30 p.a to be acceptable. Metropolitan customers in the workshops provided the highest levels of support, with 77% of metropolitan customers supporting this initiative as compared to 65% of regional workshop customers.

**Figure 15 – Support for regional water treatment upgrades**  
*I support SA Water undertaking regional water treatment upgrades*



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**We benefited from the desalination plant so regional people should benefit from these**  
– Resident, Metro



## Customer insights overview

# Water recycling

## Overview

Customers were asked about their views towards water recycling and their support for SA Water investigating options to expand its current water recycling schemes. Customers in the workshops and the online survey indicated water recycling schemes that focused on amenity use (watering parks, gardens and sporting complexes) and the agricultural industry should be the priority for SA Water.

## Customer insights

### Customer insight #10

*Customers value water recycling schemes that have broad community impacts*

Water security was of importance to customers who valued water recycling initiatives that focus on supplying non-drinking water for amenity and agricultural purposes.

## Findings

### Customer insight #10

*Customers value water recycling schemes that have broad community impacts*

Customers in the Stage 1 focus groups indicated they value initiatives which conserve or re-use water and want to see SA Water investing in water recycling schemes. Water conservation was also of importance to customers in the Stage 3 workshops and online survey, who were interested in the initiatives SA Water is undertaking to ensure South Australia has a sustainable drinking water supply now and into the future.

Customers were provided information about SA Water's current water recycling schemes that fall into three main categories;

- Residential (new developments)
- Agricultural
- Amenity (watering parks, gardens and sporting complexes).

**These would help offset our reliance on the Murray**

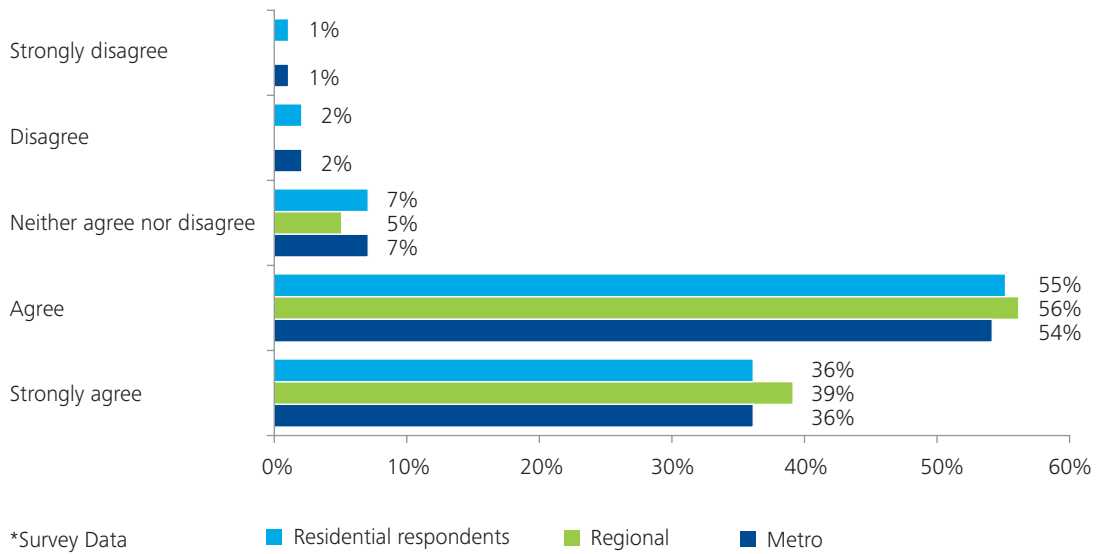
– Business, Regional

Water recycling scheme	Example
Residential	Southern Urban Reuse Project (SURP) that provides dual reticulation water for use in new housing developments and allows home owners to use recycled water for gardens and toilet flushing.
Agricultural	Virginia Pipeline Scheme that provides treated wastewater from the Bolivar wastewater treatment plant to approximately 360 irrigators and vegetable growers in the northern Adelaide plains.
Amenity	Glenelg to Adelaide Parklands Reuse Scheme that provides dual reticulation recycled water from the Glenelg treatment plant to the Adelaide parklands for irrigation use on public and private open spaces.

SA Water indicated that it has no plans to expand its current water recycling schemes within the next regulatory period, and that it will assess options on a case by case basis should strong customer support be present. Water recycling schemes that are focused on providing recycled water and wastewater for amenity purposes were the most highly supported schemes, with 91% of customers who responded to the online survey supporting SA Water investigating amenity based schemes on a case by case basis. This was closely followed by 90% of customers supporting new agricultural industry water recycling schemes, with regional customers giving the highest levels of support at 95%. Customers who attended the Kangaroo Island workshop suggested SA Water could develop a new type of scheme that provides recycled water to the construction and building industry. Members of the Business CAG suggested SA Water could provide a greater level of transparency around the capital and water rate costs of these recycling schemes.

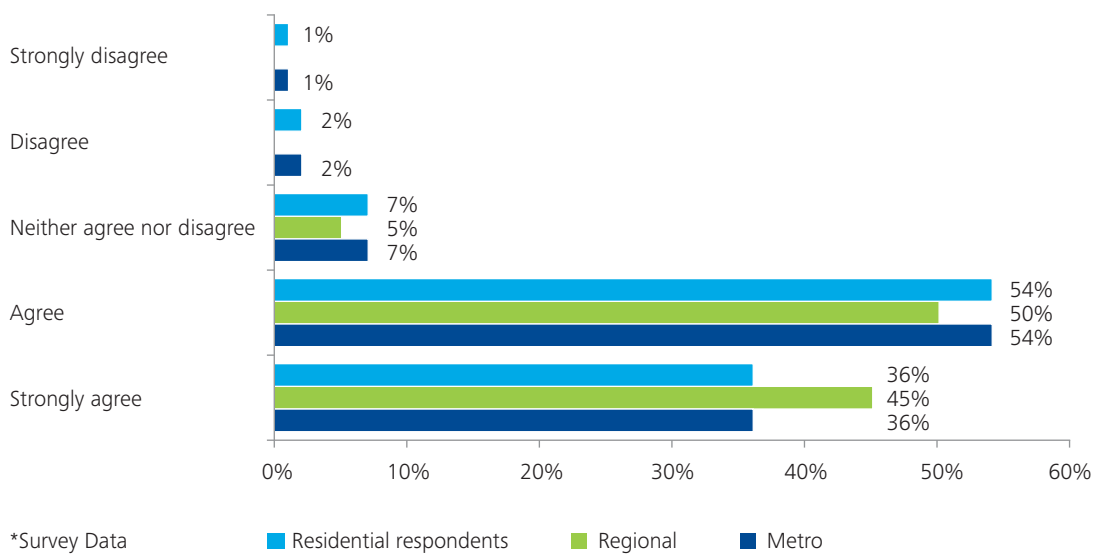
**Figure 16 – Support for amenity focused water recycled schemes**

*Question: I support SA Water investigating new water recycling schemes for parks and gardens on a case by case basis*



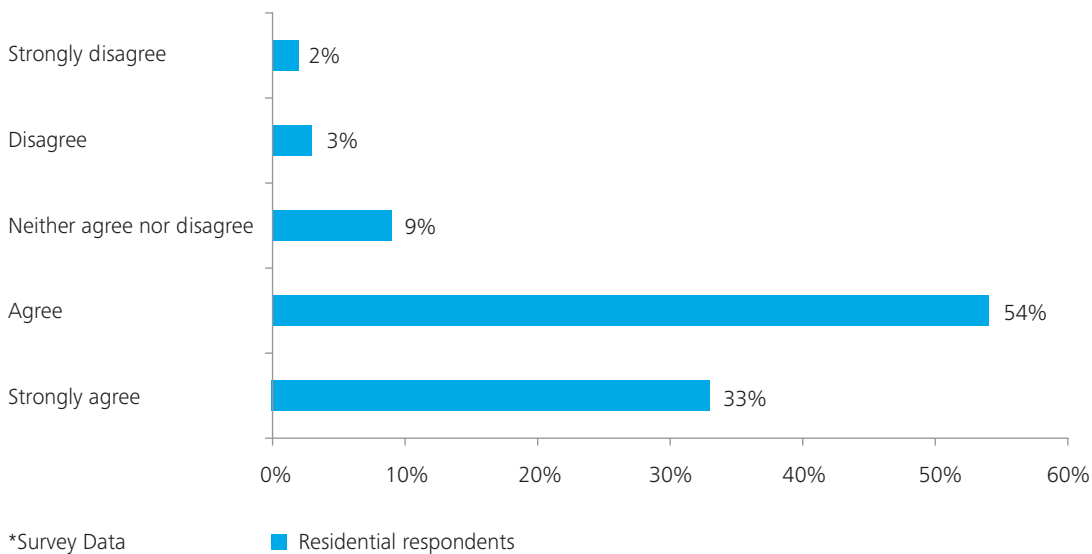
**Figure 17 – Support for agricultural focused water recycled schemes**

*Question: I support SA Water investigating new water recycling schemes for the agricultural industry, on a case by case basis*



**Figure 18 – Support for residential focused water recycled schemes**

*Question: I support SA Water investigating new water recycling schemes for new residential developments, on a case by case basis*



A recurring theme throughout the workshops was SA Water’s role in stormwater management. Current regulation was shared with customers that states stormwater management is the responsibility of Local Government, whereas SA Water is responsible for the recycling of wastewater. Business customers in the dedicated business workshop suggested SA Water take

a holistic approach to water recycling that incorporates stormwater management, which was supported by all who attended. While customers in the workshops understood stormwater management was not within SA Water’s remit, customers suggested SA Water should install infrastructure that captures, stores, and treats stormwater for use in local areas.





## Customer insights overview

# Water for growth

## Overview

During Stage 1 the Customer Advisory Groups identified the need for SA Water to consider a range of opportunities to support economic development in South Australia. Customers were asked in the Stage 3 workshops and online survey if they believe SA Water has a role to play in promoting economic development within South Australia, and if so, how SA Water may achieve this.

## Customer insights

### Customer insight #11

*Customers believe SA Water has a role to play in contributing to the economic development of South Australia*

Customers believe SA Water has a role to play in the economic development of South Australia and provided a number of examples of how SA Water may achieve this, such as partnering with business and industry.

## Findings

Members of the Customer Advisory Groups during the Stage 1 focus groups identified the need for SA Water to consider a range of opportunities to support water for growth and economic development in South Australia. During Stage 3 customers indicated they believe SA Water has the potential to contribute to the economic development of the State by enabling business and industry to expand and grow. 72% of residential customers who responded to the online survey supported SA Water investigating initiatives that bring a commercial return to support the economic development of South Australia, as compared to 50% of business customers.

SA Water believes it has a role to play in the development of the South Australian economy and currently undertakes the following activities to enable this development;

- Transporting water for other parties such as developers and irrigators by using spare capacity in the network
- Supplying untreated reservoir water to farmers and irrigators
- Partnering with industry and business.

Suggestions from customers in the workshops on how SA Water may achieve this included;

- Providing untreated reservoir water to the horticultural and viticulture industries
- Partnering with universities and supporting post-graduate science and engineering students
- Partnering with business and industry, in particular the seafood processing and mining industries on the Eyre Peninsula
- Providing recycled or untreated water to the construction industry.

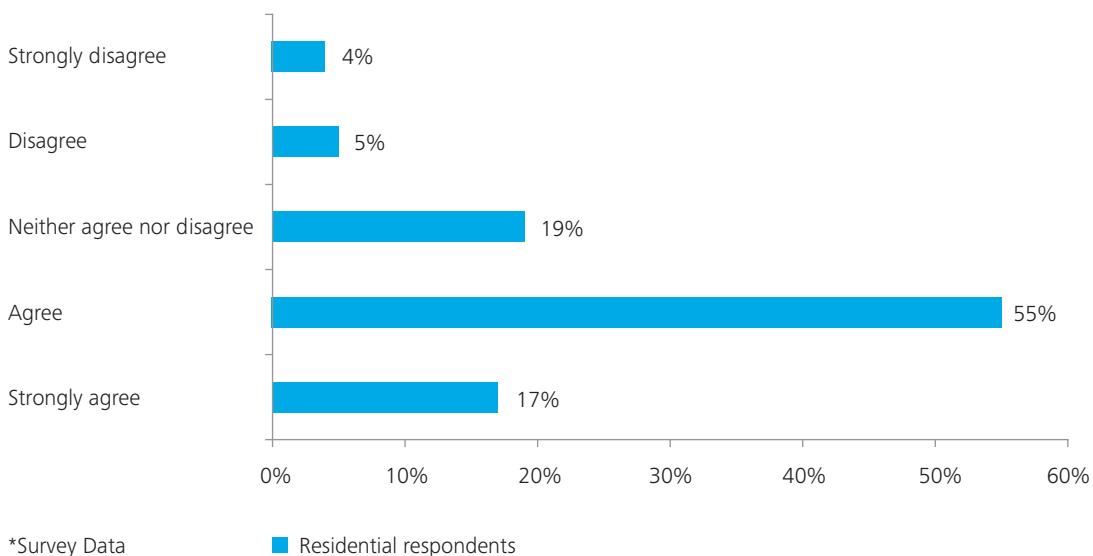
These suggestions were consistent with the themes raised by major customers and developers.

Customers were particularly supportive of initiatives that provide non-drinking water to high water consumption businesses and industries, not only to support those businesses/industries but to also ensure the security of the drinking water supply. Members of the Business CAG indicated willingness to act as a conduit for finding businesses who wish to partner with SA Water.



**Figure 19 – Agreement that SA Water has a role to play in the economic development of South Australia**

*Question: I support SA Water investigating initiatives that bring a commercial return to support the economic development of South Australia*



# Next steps

SA Water will use the insights gathered during the Stage 3 workshops and online survey to investigate and further refine the service improvement opportunities supported by customers as indicated in this report. Further customer consultation and engagement on these refined service improvement opportunities will then take place, with the views of customers being used to assist SA Water to prepare its next Regulatory Business Proposal to ESCOSA.

## Keeping customers informed

SA Water will provide customer's opportunities to continue to participate in its ongoing Customer Engagement Program, details of which can be found at [www.sawater.com.au](http://www.sawater.com.au).



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# Glossary

Reference	Description
Category 1 burst or leak	Bursts or leaks that may pose serious consequences or are located in or near critical infrastructure (hospitals)
Category 2 burst or leak	Bursts or leaks that impact business customers
Category 3 burst or leak	Bursts or leaks that impact residential customers and are of an insignificant nature
Concession	A South Australian Government water or sewerage concession
Consumer Price Index (CPI)	A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households
Customer Advisory Groups (CAGs)	Customer Advisory Groups established in 2012 to increase interaction between SA Water and representative customer groups (residential and business)
Customer Assist Program (CAP)	Program for residential customers experience financial hardship who are willing to pay their SA Water bill but lack the financial ability to do so
Customer Engagement Program (CEP)	Program designed to capture the views, opinions, and expectations of SA Water customers
Customer Records Management System (CRM)	Central database that provides a 'single view' of the customer and enables the development of self-service options
CSIRO	The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is the federal government agency for scientific research in Australia
Department of Health (DoH)	Government department responsible for protecting and improving public health by providing leadership in health reform, policy development and planning.
Dual reticulation	Dual reticulation refers to properties which are supplied or have access to both standard drinking water and recycled water.

Environment Protection Authority (EPA)	The Environment Protection Authority (EPA) is South Australia's leading environmental regulator, responsible for the protection of air and water quality, and the control of pollution, waste, noise and radiation.
Essential Services Commission of South Australia (ESCOSA)	The independent economic of water retailers, including SA Water, in South Australia
Noise Attenuation	Process of reducing and containing the amount of noise emanating from SA Water infrastructure
Pressure Reducing Valve (PRV)	Valves that temporarily reduce water pressure during low usage times
Price Path	The expected change in water and wastewater prices for the regulatory period 2016-2020
Priority 1 burst or leak	Any burst or leak resulting in major traffic hazards, property damage, or total loss of service
Priority 2 burst or leak	Any burst or leak that is not priority 1 (such as meter leaks or valve leaks)
Priority 2 water quality event	Water quality issues where there is low potential for risk to human health (cloudy or discoloured water)
Priority 3 water quality event	All other cases
Regulatory Period	Four year period from 2016-2020
Reverse Osmosis	Water purification process that remove salinity from water
Typical SA Water bill	The typical annual SA Water Bill for SA Water customers excluding the top 125 major customers
Wastewater	Sewerage products that flow through sewerage pipes related services provided by SA Water

# Appendix A

Topic	Service level change	Annual cost (saving)
Bursts and leaks	Increase investment in crew and vehicles to reduce attendance time for priority 1 leaks and bursts	\$2
	Increase investment in crew and vehicles to reduce attendance time for priority 2 leaks and bursts	\$1
	Reduce investment in crew and vehicles to increase attendance time for priority 2 leaks and bursts	(\$2)
	Increase investment in crew, vehicles and equipment to reduce the time taken to restore category 2 & 3 leaks and bursts	\$2.50
	Decrease investment in crew, vehicles and equipment to increase the time taken to restore category 2 & 3 leaks and bursts	(\$1)
Sewer Overflows	Increase investment in crew and vehicles to reduce attendance time for sewer overflows	\$2
	Decrease investment in crew and vehicles to increase attendance time for sewer overflows	(\$1)
	Increase investment in crew and infrastructure to decrease cleaning time for sewer overflows	\$0.50
	Increase investment in crew, vehicles and equipment to reduce the time taken to restore sewer events	\$2.50
	Decrease investment in crew, vehicles and equipment to increase the time taken to restore sewer events	(\$0.40)
Water Quality	Increase expenditure to reduce the time to respond to priority 2 water quality complaints	\$1
	Reduce expenditure to increase the time to respond to priority 2 water quality complaints	(\$0.20)
	Increase expenditure to reduce the time to respond to priority 3 water quality complaints	\$0.40

	Increase capital expenditure on replacing water mains to reduce the number of bursts and leaks by 25%	\$1.50
Unplanned Supply Interruptions	Increase capital expenditure on replacing water mains to reduce the number of bursts and leaks by 50%	\$3
	Decrease capital expenditure on replacing water mains to increase the number of bursts and leaks by 20%	(\$0.20)
	Decrease capital expenditure on replacing water mains to increase the number of bursts and leaks by 75%	(\$0.40)
Minor Leaks	Increase expenditure to reduce the time it takes to restore minor leaks	\$4.50





Contact us

**Deloitte**

11 Waymouth Street, Adelaide, SA, 5000

Tel: +61 8 8407 7000

[www.deloitte.com.au](http://www.deloitte.com.au)

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# Customer Engagement Program

## Stage 1 Report

Understanding customer values, needs & expectations

March 2014



# Welcome to SA Water’s Customer Engagement Program

This report summarises the first stage of our engagement program – detailing results from our initial round of customer research and engagement activities, and highlighting how we will use this feedback going forward.

Our Customer Engagement Program demonstrates our ongoing commitment to putting customers at the heart of everything we do. It’s about creating opportunities for open and ongoing dialogue with our diverse customer base, and then using the results to develop future plans.

Delivering safe, sustainable and affordable water services to the community is what we do. And in delivering these services to South Australians, we are committed to meeting all challenges.

One of our key challenges is to understand what affordability means to our customers, and how we can deliver cost efficient services that meet both residential and business customer needs and expectations.

Between November 2013 and February 2014 we listened to 118 customers from right across the state and worked with representatives from key customer representative groups – our SA Water Customer Advisory Groups. We listened to our customers, and this report details what we heard.

As we embark on our Customer Engagement Program, we invite you to share our journey with us and have your say about water and wastewater services in South Australia. In particular, we welcome your views, suggestions and feedback. Visit the SA Water website for more details about how to get involved.

We look forward to sharing our journey with you.



**Lew Owens**  
Chairman  
SA Water Board

**John Ringham**  
Chief Executive

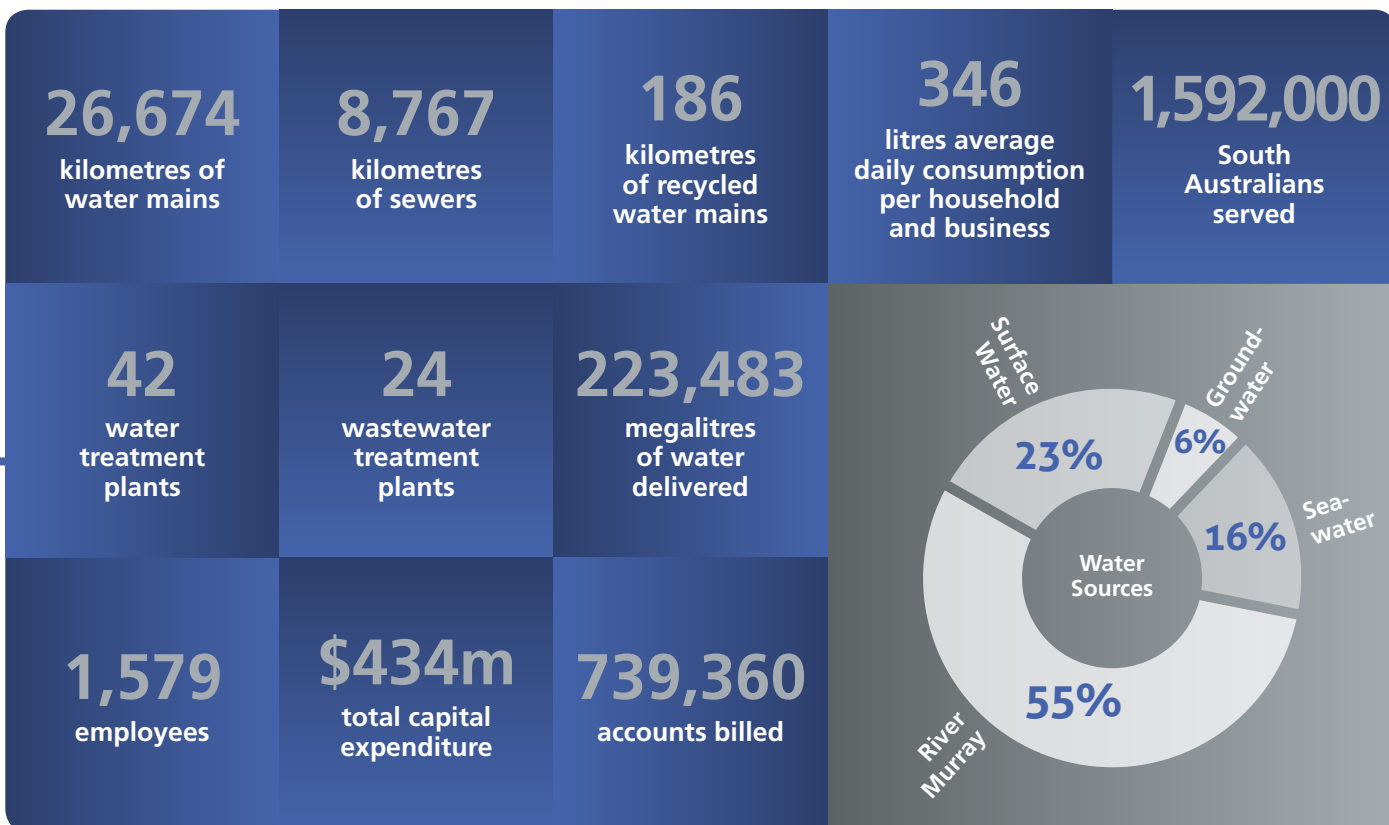
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# About SA Water & our business



2012-13 Annual Report

## About us

SA Water is responsible for delivering water and wastewater services to approximately 1.5 million residents as well as providing these services to support agriculture, industry and commerce across the state. SA Water strives to supply its customers with a clean, safe and reliable drinking water supply.

Our main responsibilities are in the areas of bulk water transfer, retail water sales, catchment-to-tap water quality management, water treatment, and wastewater treatment, disposal and recycling.

SA Water has oversight of about \$13 billion worth of assets across the state, including vast water and wastewater networks. The span of SA Water's networks, which include 26,674 kilometres of water mains – combined with delivering services to customers spread right across South Australia, are just two of the many significant operational challenges for SA Water.

Owned by the Government of South Australia, SA Water provides essential water and wastewater services that support growth, and economic development throughout the state with the vision to "deliver safe, sustainable and affordable water services for the community".



## About economic regulation

The Essential Services Commission of South Australia (ESCOSA) is the independent economic regulator of water industry retailers, including SA Water, in South Australia.

On 1 January 2013, ESCOSA assumed this role with the power to:

- Determine the maximum revenue that SA Water is allowed to recover through drinking water and sewerage retail service prices,
- Specify the service standards that SA Water must meet – a minimum level of service customers can expect; and
- Request information to help them monitor performance against the agreed revenue path.

ESCOSA's role includes industry licensing, consumer protection and independent determination of SA Water's maximum revenue that can be recovered through customer prices (more information about ESCOSA and regulation of the South Australian water industry can be found on ESCOSA's website [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)).

SA Water is required to formally submit a Regulatory Business Proposal (RBP) to ESCOSA every four years after the initial three year period. This proposal outlines how we plan to operate and invest in infrastructure and services in the interests of our customers. The first RBP was submitted in September 2012.



# Engaging our customers - program overview



## Our customer focus

SA Water is committed to engaging with customers about the services it provides.

In recent years a number of steps have been taken to ensure customers are at the centre of SA Water's decision making and planning processes. These have included establishing:

- Two new Customer Advisory Groups (CAGs), dedicated to residential and business customer and consumer issues,
- A regular research program to measure and track customer satisfaction levels,
- A Customer Charter,
- In-house community engagement expertise around infrastructure projects,
- New programs to support customers facing financial difficulty.

SA Water's **Customer Engagement Program** is an ongoing program designed to capture the needs and expectations of SA Water customers - and in turn drive service improvements.

The Customer Engagement Program is the first of its kind for SA Water - in both the breadth of customer engagement, and also the detail in which customers will be engaged now and in the future.

## Objectives

The Customer Engagement Program has been designed to:

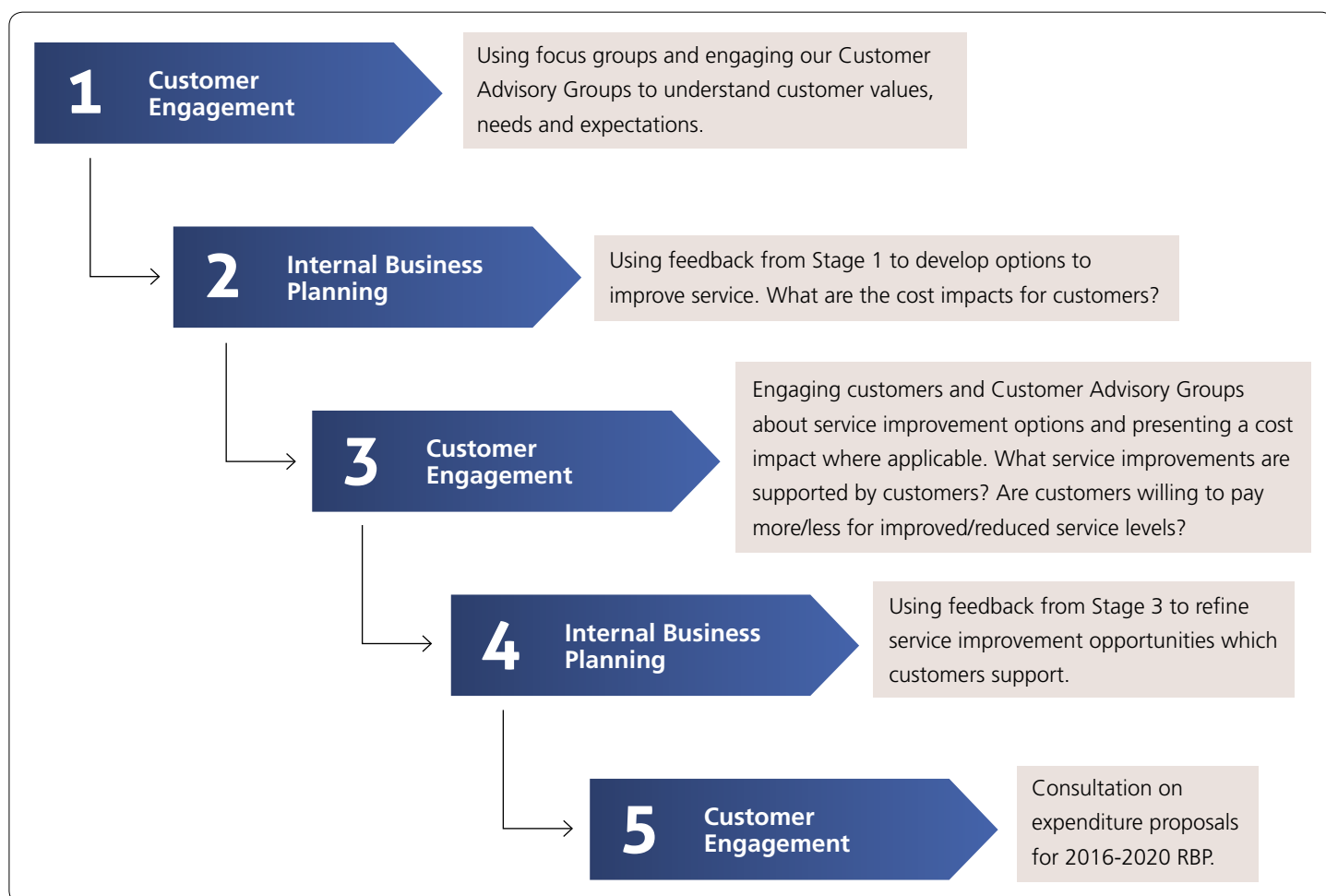
- Facilitate **customer input into decision-making** on future service levels and investment opportunities,
- Be a **robust, open** and **transparent** process,
- **Ensure independence and third party validation** in research and engagement methodology and results,
- Utilise **best practice customer research and engagement** activities,
- Provide **multiple and varied opportunities for customer involvement** – from customer driven improvement opportunities in Stage 1, through to consultation on price tested scenarios for service improvement in Stages 3 & 5,
- Align with SA Water's **strategic and business planning** process, ensuring services for customers are continually improved,
- Inform **SA Water's 2016-2020 Regulatory Business Proposal**.

## Regulatory requirements

In its second SA Water price determination and service standards draft framework, ESCOSA set out a number of requirements for SA Water in relation to engaging customers for the second Regulatory Business Proposal (RBP). ESCOSA's requirements and more information can be found at [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)

## Program overview

The Customer Engagement Program consists of five stages.



The first stage seeks to gain insight into customer values and expectations. Stage 1 consists of a series of focus groups with SA Water customers and consultation with SA Water's Customer Advisory Groups. Stage 1 is designed to be led by customers - allowing customers to identify key issues of importance and for SA Water to develop this feedback into potential service improvement and investment opportunities in Stage 2. Stages 3 to 5 will further refine possible opportunities for changes to service levels and new investment in the form of expenditure proposals as part of SA Water's RBP.

In delivering appropriate levels of service to customers, SA Water is sensitive to the fact that customers are feeling the impact of a rise in the cost of many household living expenses – including water prices. Testing customer willingness to pay for new initiatives and service improvements is a critical element of the engagement process, and will allow customers to make informed decisions about the potential cost impacts of changes to services.

# How we listened: methodology and approach for Stage 1

## Focus group sessions

With research partner Newfocus, 15 focus groups were conducted with 118 customers (88 residential, 30 business) across metropolitan and regional South Australia during November and December 2013.

Newfocus conducted the focus group sessions on SA Water's behalf to ensure the process was independent and transparent. An ESCOSA representative observed three metropolitan and two regional sessions.

Focus Group Location	Participants
Metropolitan Adelaide (Northern suburbs)	35
Metropolitan Adelaide (Southern suburbs)	24
Port Lincoln	17
Riverland	14
Mt Gambier	17
Port Augusta	11
<b>TOTAL</b>	<b>118</b>

Focus group methodology was used in order to provide insight into the expectations of recent contact customers.

Focus groups are an effective methodology for undertaking high quality exploratory research. It provides an in-depth understanding of the perceptions, attitudes and behaviours, enabling the research to go beyond static data collection.

As a member of the Australian Market & Social Research Society (AMSRS) Newfocus abides by the Code of Professional Behaviour and strictly adheres to the Market & Social Research Privacy Principles approved by the Federal Privacy Commissioner.

## Focus group objectives

The objectives of the focus group research were to:

- Explore and prioritise **issues of importance** to SA Water customers,
- Identify **customer values** in relation to areas where SA Water should be investing in the future,
- Identify **opportunities for service improvements**, in particular in the following key areas; responding to faults and service problems, water quality, digital services, and communications.

## SA Water Customer Advisory Group workshop

In February 2014, SA Water conducted a workshop with members of both SA Water's Residential and Business Customer Advisory Groups (CAGs).

## About SA Water's Customer Advisory Groups

The SA Water Customer Advisory Groups (CAGs) were established in 2012 to increase interaction between SA Water and representative customer groups and to provide SA Water with a mechanism to:

- Obtain customers' views about its services, initiatives and policies,
- Seek guidance on appropriate ways to communicate with customers,
- Ensure it understands customers and can test assumptions about expectations,
- Deliver information back to the community through bodies represented by the CAGs.

SA Water has two advisory groups to represent both residential and business issues - the Residential Customer Advisory Group (RCAG) and the Business Customer Advisory Group (BCAG). Feedback from meetings is reported directly to the SA Water Board.

## Customer Advisory Group member organisations

### Residential Customer Advisory Group

South Australian Council of Social Service

Regional Communities Consultative Council

Council of the Ageing SA

Residents & Ratepayers Association SA

Multicultural Communities SA

Youth Affairs Council

Consumers SA

### Business Customer Advisory Group

Business SA

Primary Producers SA

Australian Industry Group SA

Property Council of South Australia

Urban Development Institute SA

## Workshop objectives

The objectives of the CAG workshops were to:

- Identify **issues of importance for member organisations** and the customers they represent,
- Seek **comment** and **advice** on the outcomes of the focus group research,
- Seek **support** and **involvement** by CAG members in SA Water's broader Customer Engagement Program.

## Analysing the results

As a result of the focus group sessions, a series of customer insight statements were produced by our research partner, Newfocus.

The customer insight statements were sorted into key themes during the CAG workshop. The results are discussed by the themes in this report.





# What we heard: issues of importance

## From the focus groups and Customer Advisory Groups

### Focus Groups - what are the most important issues to our customers?

In the focus groups we commenced conversations by asking customers to think of, and discuss, the most important water and wastewater issues to them.

The most important issues our customers spoke about in priority order are:

#### Price/cost

- Affordability and impact of recent price increases,
- The way water and sewerage prices are determined and charged,
- Application of charges and fees (e.g. River Murray Levy).

#### Infrastructure maintenance

- The need to invest in pipe replacement to reduce bursts/leaks,
- Concern over ageing infrastructure.

#### Water wastage

- Need to re-use and conserve water (e.g. recycling),
- Concern over water loss when bursts/leaks occur.

## From the Customer Advisory Groups perspective

In the CAG workshop we asked members to list the top three most important issues for their customer base. In addition to above, the CAG also raised:

#### Water for growth

- South Australia needs to be cost competitive to attract business and economic development to the state,
- Low costs for new development.

#### Access/equity

- Ensure access for all to information and support,
- Social equity in pricing.

#### Reliability of water supply

- Security and continuity of supply.

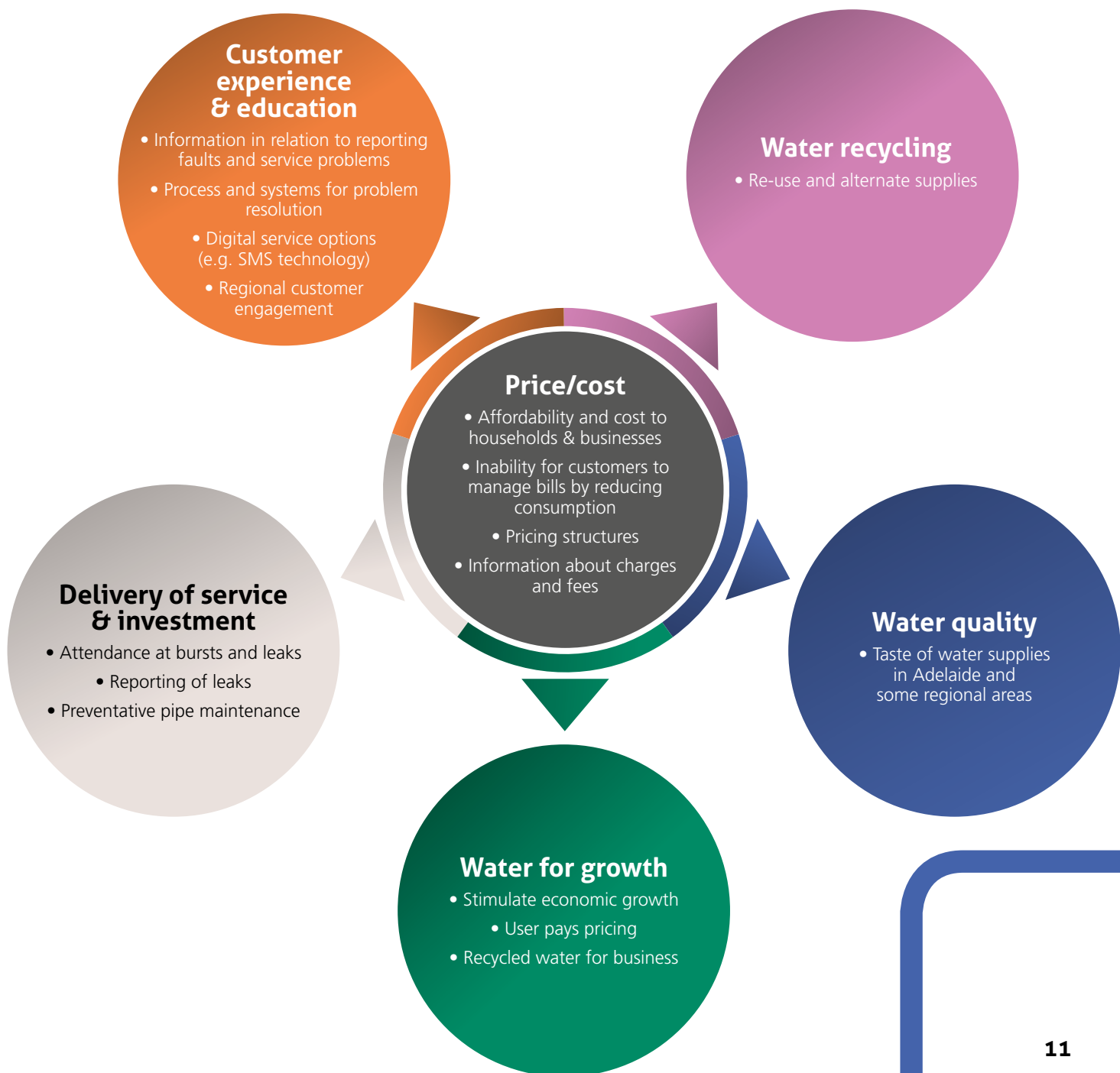
# Customer insights overview – key themes

In the focus group sessions customers were asked a range of questions in relation to SA Water services they currently receive, and services for future investment.

Customers were asked about their values, needs and expectations in relation to a number of service

interactions, including responding to bursts/faults, water quality, digital services and communication.

Insights from the focus group sessions and feedback from CAG members have been categorised and summarised into key customer themes as illustrated below.



# Exploring the key themes



## Customer experience and education

### Overview

Overall customers are reasonably satisfied with the services they receive. When discussing their own experiences with SA Water services, customers identified opportunities for improved information. These included:

- More information throughout the process of reporting and fixing a service fault,
- More specific information in relation to timeframes of when works/repairs will occur,
- More informed in terms of feedback if problems cannot be resolved at the first point of contact – by calling back, SMS or email,
- Better information about meters.

Customers indicated a desire for more services and communication to be available online and/or using mobile phone technology.

Across all regional focus groups, customers expressed a desire to be more actively engaged and involved in decisions about future water supplies in their areas.

### From the Customer Advisory Groups perspective

Members confirmed that more engagement of regional communities is important to allow customers an opportunity to be involved in decision making about impacts on their locality.

It was noted that while some customers have a high need for digital services, some low income earners, remote communities, and elderly customers cannot afford or do not have access to these services.

### Summary of customer insights: customer experience and education

- Overall, the majority of customers are **reasonably satisfied** with SA Water's services.
- Customers are **extremely satisfied** with the **SA Water Call Centre**.
- Customers want **more information relating to the progress of faults and service problems**. Improvements in order of customer priority include: timeframes at initial call to advise when someone will be there, job reference number provided at initial phone call and notification if there is a delay.
- Customers would like to be able to **report and check progress** of service faults, bursts and outages **online**.
- Some customers expressed **dissatisfaction** with the system and process elements of **problem resolution**, in particular overall time to resolve issues, keeping customers informed and flexibility of solutions.
- Many customers have experienced **metering issues** and express confusion and frustration around meter reading, ownership, damage, responsibilities etc.
- Some customers would like the option to receive their **bill electronically**.
- Many customers would like to receive updates/ information via **mobile phone technology** (SMS or app).
- Some customers would like to **manage their account information** (including water consumption details) online or via mobile phone technology.
- **Younger customers** have higher expectations around what services should be made available digitally.
- **Regional customers are asking to be engaged** - as customers and as communities.

## Customer Engagement Program – Stage 1 Report



## Price/cost

### Overview

Customers identified price/cost as a key issue of importance. Throughout the focus group sessions, many references were made to price and the overall cost of bills. SA Water customers are particularly concerned about the affordability of water to their homes and businesses.

When discussing price and cost, customers showed a keen interest in discussing this issue on a number of different levels:

- SA Water as a profit making business, and returning money to Government (e.g. should SA Water make a profit, are they privatised?),
- The fees and charges that constitute their bill and whether it is equitable (e.g. River Murray Levy),
- Their inability to decrease their bill significantly by reducing consumption.

Customers expressed frustration and/or dissatisfaction with various components of bills:

- Property based charges were perceived to be unfair,
- The application of levies on bills,
- The inability to control their bill via consumption due to the high fixed charge component (no financial incentive to save water),
- Costs incurred by customers on vacant land,
- Costs incurred by customers who chose to disconnect water services and use their own supplies.

### From the Customer Advisory Groups perspective

Members highlighted the need to educate customers about the true cost of delivering water and how this relates to their account.

Similar to the focus groups, members queried how SA Water balances profit making objectives, while delivering against Government objectives.

In terms of future prices, members noted the importance of understanding the potential socio-economic impacts of a CPI increase on some segments of the community.

### Summary of customer insights: price/cost

- Price is top of mind for customers – as it impacts on **cost of living and business overheads**.
- **Reducing bills** is important for customers when considering future service provision.
- Customers could not offer suggestions for lower levels of service they would be prepared to accept for a reduction in price.
- Customers offered limited suggestions for higher levels of services that they would be prepared to pay more for.
- The majority of customers view water as a **high value good** – either as a **precious resource not to be wasted** and/or as an **expensive household bill**.
- Customers **value the reliability** of the water and sewerage services they receive, and while price is a concern, there is a sense it is a service that is taken for granted.
- Many customers are dissatisfied with **the way water and sewerage prices are determined** and charged.
- Customers want **more information** about the things they are paying for (eg desalination, River Murray Levy).
- Residential customers value **flexibility and assistance** in managing their water consumption and accounts.



## Delivery of services & investment

### Overview

Customers view water as a precious resource, and as a result water loss from bursts and leaks in the network is an important issue. Customers expect SA Water to resolve all water bursts and leaks – big or small – in no more than two days. In order to reduce potential water loss from the system and the need to attend bursts and leaks, customers are keen to see SA Water invest in preventative pipe replacement programs in the future.

Business customers expect quick response times and good information in response to service faults where it may impact on their business operations.

### From the Customer Advisory Groups perspective

Members highlighted the need to improve service time across the board. In response to business customer expectations, members suggested SA Water make judgement based decisions to resolve issues which impact business operations, as opposed to introducing different service standard levels.

### Summary of customer insights: delivery of services & investment

- Customers **care** about pipes and local infrastructure.
- Customers are **frustrated with the process** of reporting and repairing **small leaks**.
- Customers would like to see a greater focus and investment in **preventative pipe maintenance** programs.
- **Business customers** tended to place a higher value on reliability, timeliness and need for information during service faults than residential customers.
- Customers recognise and praise elements of service delivery that are **locally based**.
- **In regional areas**, response times to faults and service problems either met or exceeded customer expectations.
- Customers expect **water leaks** to be attended within 24 hours and be responded to in 1-2 days.
- When a **burst** occurs, customers expect immediate attention and that the water is turned off within the hour and resolved in 1-2 hours.
- Customers expect responses to bursts to be graded on **health and safety priority**. Business customers generally do not expect to receive a higher priority than a residential customer.



## Water for growth

The Customer Advisory Group identified the need for SA Water to consider a range of opportunities to support water for growth and economic development in South Australia.

It was highlighted that supporting economic growth should include better use of reclaimed water, in particular opening up new irrigation opportunities for agriculture, viticulture and horticulture in South Australia.

Exploring the theme of water for growth, members discussed:

- How water prices should send clear signals to encourage business to the state.
- The need to keep the cost of new developments low to facilitate affordable housing.
- The importance of transparency, consistency of fees and charges for businesses.
- Cost effective and prudent expansion of the network to facilitate projected growth in the population and employment.





## Water recycling

Customers indicated a strong desire to see more effort from SA Water with recycling water, in an effort to re-use and conserve precious water supplies. Customers have asked SA Water to be more proactive with recycling.

### From the Customer Advisory Groups perspective

The CAG members noted the value of recycled water, where fit for purpose, can be delivered for business at a lower price.

### Summary of customer insights: water recycling

- Customers **value** initiatives which conserve or re-use water.
- Customers want SA Water to **invest in recycling schemes**.



## Water quality

Customers recognise and value that SA Water provides a safe and reliable drinking water supply. When asked about satisfaction with tap water, customers would like to see improvements in relation to the aesthetic characteristics of drinking water - in particular the chlorine taste experienced by some customers.

Customers would like SA Water to undertake additional water filtration, equivalent to home under sink filters, to save householders the cost to purchase. In the absence of this technology, customers requested rebates for these devices.

### Summary of customer insights: water quality

- Customers would like SA Water to provide **equivalent tasting water to home filtered water** – either by investing in new technology or subsidising the purchase of home filters.
- In metropolitan Adelaide, some customers are **dissatisfied** with the taste of tap water, in particular the **chlorine** taste.
- Some **regional customers** in Port Lincoln, the Riverland and Mt Gambier would like to see **improvements to the aesthetic characteristics** (eg taste, hardness) of their water supplies.



# Next steps

## In summary – what our customers told us

Between November 2013 and February 2014 SA Water conducted focus groups across metropolitan Adelaide and regional South Australia, and engaged its Customer Advisory Groups in a concerted effort to better understand customer needs and expectations for services.

Customers identified the most important issues in priority order as price, infrastructure and water wastage.

Overall, the majority of customers were reasonably satisfied with the current service levels SA Water provides. Customers identified opportunities for improvement to the services they receive, both now and in the in the following key areas:

- **Price/cost** -  
For example reducing bills, changing the way pricing is structured.
- **Delivery of service & investment** -  
For example reducing water loss through improved pipe maintenance programs.
- **Customer experience & education** -  
For example improving communication with customers during a fault/ service problem.
- **Water recycling** -  
For example investing in more small scale recycling schemes.
- **Water for growth** -  
For example encouraging businesses to the state with competitive costs for water.
- **Water quality** -  
For example improving the taste of tap water.

## Using feedback to improve

Some of the customer feedback from Stage 1 will be integrated into our business immediately as part of commitment to continually improve our services to customers.

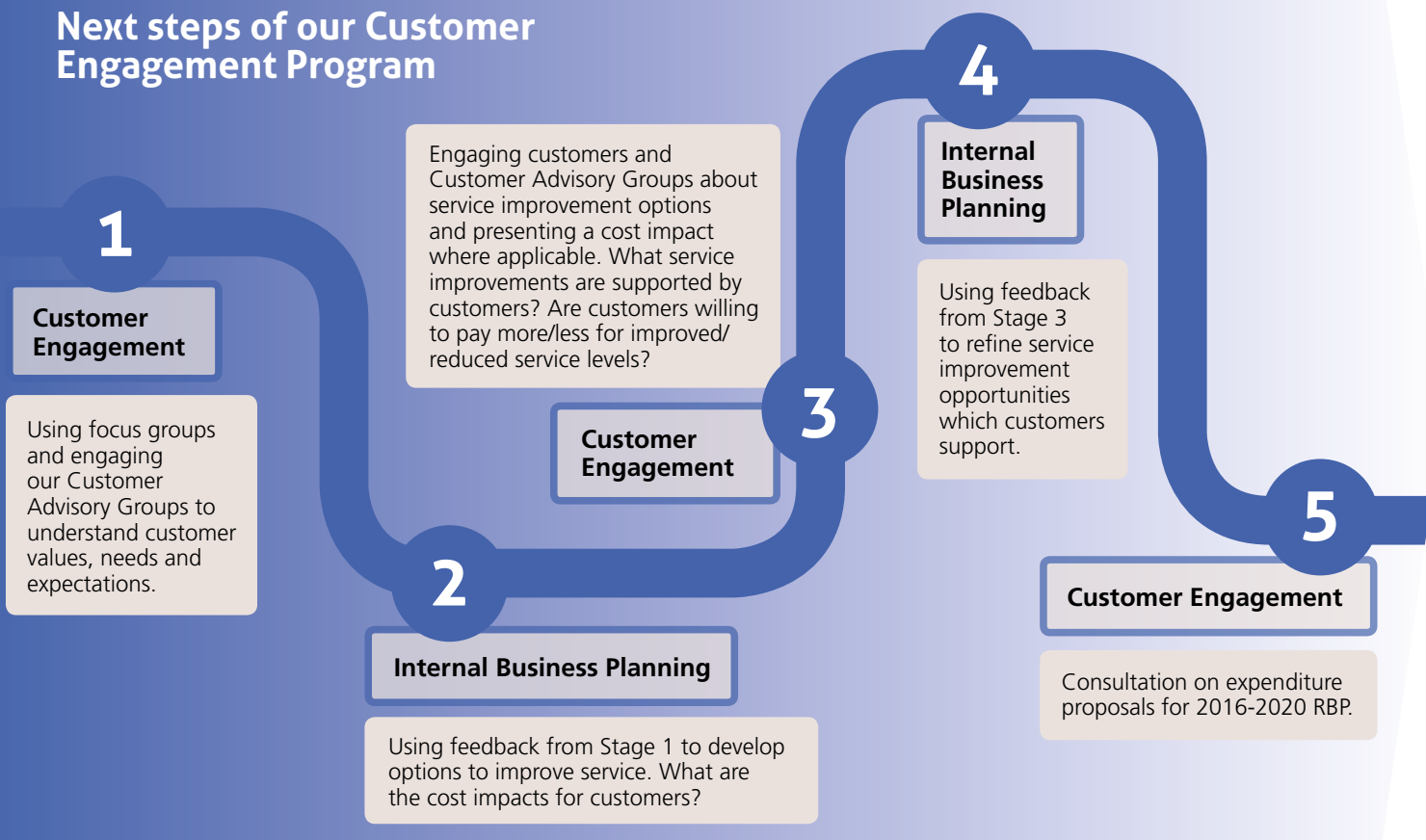
Throughout the Stage 1 of the Customer Engagement Program, customers raised a number of issues in relation to communication and education. SA Water is now putting a greater focus on customer education, in particular in relation to:

- Customer bills and what customers are paying for,
- SA Water's pipe maintenance and replacement program,
- Water quality,
- Recycled water.

Customers also identified system and process issues in relation to customer interactions with SA Water that we will work on improving immediately:

- Better information when reporting faults and service problems,
- Keeping customers better informed when an issue is not resolved on first contact.

## Next steps of our Customer Engagement Program



### Using the customer insights in Stage 2

This first stage of the Customer Engagement process will now provide the platform for developing opportunities for service going forward.

During March and April, SA Water will analyse the customer insights together with subject matter experts from across its business and develop a number of proposals based on what customers asked for. For example, if SA Water were to invest in more recycled water opportunities how could this work? And what are the benefits for customers? At this stage of the process, SA Water will be determining if there could be any cost impacts associated with improvement opportunities or new areas of investment.

### Next stages of the engagement program

Between May and June, SA Water will then be engaging with its customer base with more detailed options for service improvement and proposals in response to customer feedback.

#### Keeping customers informed

As we continue to progress our Customer Engagement Program, SA Water will provide customers with opportunities to participate. Details of customer involvement opportunities will be available on our website later in the year. We invite all our customers to have their say on our services.

Visit the SA Water website at [sawater.com.au](http://sawater.com.au) for more details about how to get involved.



## Research

Newfocus Pty Ltd is a national research company that uses systems and methodologies that meet quality assurance standards. The qualitative customer research undertaken in this report abided by the Market and Social Research Privacy Principles and was carried out in compliance with International Standard AS ISO 20252. Newfocus ensured the recent contact customer research accurately reflected the views of SA Water customers and the research remains independent from SA Water.



### Rory Challen

Research Consultant,  
Newfocus

## Customer Advisory Groups

SA Water's Residential and Business Customer Advisory Groups declare this reflects a true and accurate record of the outcomes of the workshop held on 18 February 2014 at SA Water House, 250 Victoria Square, Adelaide.



### Sue Averay

Chair,  
SA Water Residential Advisory Group



### Monish Bhindi

Chair,  
SA Water Business Advisory Group