

Appendix C

Our Plan customer
engagement

Executive summary

In developing *Our Plan 2020-24* (Our Plan) we worked together with our customers to understand the things they value most about the water and sewerage services we provide, and their service expectations.

We did this through:

- engaging with customers to understand what they value most about their water and sewerage services
- developing a new strategy based on what our customers value
- aligning our business planning, activities and expenditure to achieve our customer-centred strategy
- testing what customers were willing to pay for
- developing initiatives to deliver what customers told us they value.

Appendix B Customers Shaping the Future, sets out our business planning process in more detail, showing how customer engagement informed our decision making. This appendix sets out our engagement activities in more detail.

Figure C.1: Our Plan engagement phases as part of the regulatory process



There were six steps of customer engagement to inform Our Plan. This engagement work was undertaken in addition to activities that informed our strategy and comprised:

- phase one — explore
- phase two — test
- phase three — plan
- phase four — validate
- phase five — approval
- phase six — deliver.

- 1 In phase one we explored the data and feedback we already had and further developed our understanding of the services most important to our customers and the areas we needed to maintain, improve or reduce.
- 2 Phase two gave our customers the opportunity to have their say about certain services we provide and how they would value increases or decreases in service levels. We collected this data through a choice modelling survey, *What matters to you?*
- 3 As part of our internal planning processes, phase three included sharing and discussing with our Customer Working Group the data collected from the *What matters to you?* survey. These discussions centred on how the service level priorities from the survey were being interpreted and used in our business planning. Feedback was also sought on our proposed service standards.
- 4 Phase four involved a contingent valuation survey, *Would you invest in this?*, that gave our customers the opportunity to have their say on five improvement initiatives proposed for inclusion in Our Plan. The findings were used as part of the negotiation process, established with ESCOSA, and to prepare Our Plan.

Phases five and six are yet to occur at the time of submission and will form part of the ESCOSA determination process.

The customer engagement activities for Our Plan are the most extensive we have ever undertaken, both in their breadth of methodologies and reach to South Australians across the state. Between 2017 and 2019, we engaged with more than 12,000 customers online and face to face about what matters most to them when it comes to the water and sewerage services we deliver. Two robust willingness to pay approaches have been used to prioritise the services we should improve from 2020, and to identify initiatives customers want and are willing to pay for. Engagement with our Customer Working Group was critical to validating and challenging our ideas. Everyone who has participated throughout this process has helped us put our customers at the heart of Our Plan and what we propose to deliver from 2020-24.

Forming our customer-led strategy and direction

In 2017 we updated our corporate strategy to strengthen alignment with our customers' expectations. A range of research methodologies were used to understand the services we need to provide our customers to deliver world class water services for a better life in South Australia.

Our research aimed to understand what was most important to our customers and whether some services are more important than others. We also wanted to measure what customers thought of our performance to identify where we needed to focus to achieve improvements.

Who we engaged

As part of this research we engaged with:

- approximately 105 residential and non-residential customers in focus groups and in-depth interviews
- more than 1,000 customers through our community events
- 627 residential and non-residential customers in a survey.

Our engagement activities

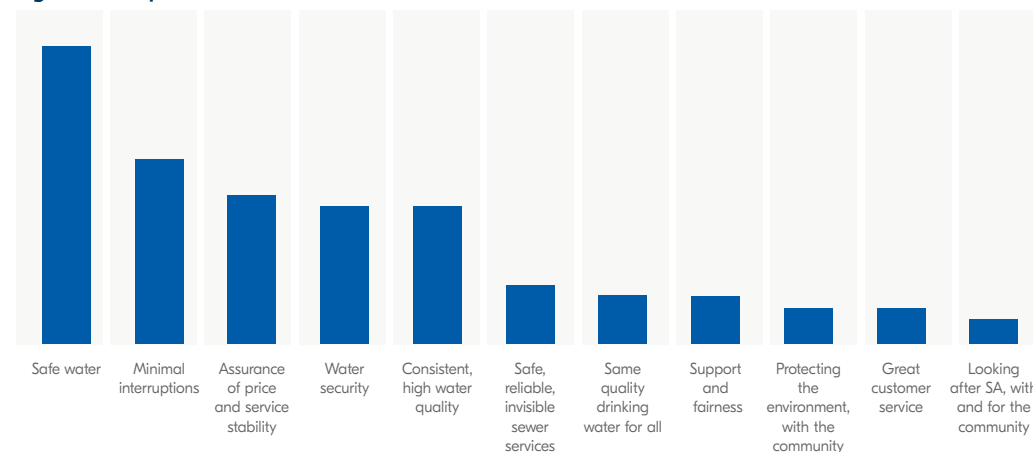
To conduct this research, we:

- Reviewed the insights already collected from our customers through our extensive research, engagement and community events activities, and identified six customer outcome themes: safe water, reliable services, supporting the community, great customer service, healthy environment and fair prices.
- Conducted six focus groups, four in metro and greater metro Adelaide and two in Mount Gambier. In the focus groups we presented the six customer outcomes and asked participants to tell us what they wanted to see us do to achieve these outcomes. Participants were recruited by our residential customer segments and small to medium businesses that were reliant on water.
- Conducted eight in-depth interviews with small to medium business owners in Naracoorte, Mount Gambier and Kingston SE.
- Developed a series of statements that detailed activities we undertook and asked survey respondents to rate their importance. The survey was conducted with 427 residents online and 200 businesses by phone. Respondents were given sets of questions that forced them to select (from each set) the most important and least important things that we could focus on.

What we heard

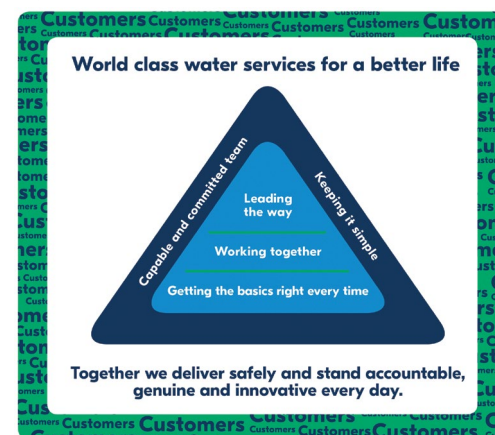
The survey gave us the top 11 outcomes our customers value. The 11 are set out in order of importance in Figure C.2. Common themes were identified and then grouped together to guide our business and further engagement activities. These insights were used to design our strategy.

Figure C.2: Top 11 customer values



A customer-led strategy guides our decisions and priorities as we work to achieve our vision with and for our customers. Figure C.3 gives an overview of our strategy.

Figure C.3: Our strategy



Phase one — explore

Phase one ran from October to December 2017. It involved exploring the data and feedback we already had and built on this further to develop our understanding of the services most important to our customers and what we needed to maintain, improve or reduce.

Customer insights collected from our ongoing customer research program were analysed, including customer satisfaction with service experience and brand health, as well as customer journeys of services they experience with us. From our extensive analysis of this data, we heard that, in addition to low and stable pricing, most important to our customers are:



Safe water. Quality water.

The water we provide is safe to drink and the quality of the water is right for their needs.



Reliable water and sewerage services

We provide water and sewerage services that are always available, both now and in the future.



Protecting the environment

We care for the environment in the supply, treatment, discharge and reuse of water, sewage and waste.



Support, fairness and great customer service

We are respectful, we listen, respond quickly, make it easy and communicate about our work.

In phase one we needed more customer insight into the prevention and response to temporary service interruptions as well as how we should be working to protect the environment.

In this phase we also launched Water Talks, our online engagement platform. Customers were encouraged to sign-up and participate in various polls, discussion topics and surveys throughout the engagement program.

Who we engaged

In total, we engaged:

- 168 customers across seven customer workshops. Two in Adelaide's central business district, and one each in Port Pirie, Renmark, Bordertown, Port Lincoln and Kangaroo Island
- 23 people from 11 different countries as part of drop-in sessions with the Multicultural Communities Council of South Australia.

Participants were recruited with the aim to achieve representation of our customer base. Across groups we sought a mix of gender (50/50), age groups, and residential and business customers (approximately 75 per cent and 25 per cent respectively). Business representatives were defined as business owners or senior managers. We aimed to include 10 per cent of participants who spoke a language other than English at home, and 20 per cent who had contacted us in the past 12 months.

Our engagement activities

Workshops

The workshops, designed by consultant Engagement Plus, were developed to ensure a good mix of information and activities. They consisted of:

- **introduction and overview** of our business and the purpose of the workshops
- **session 1, reliable services** — examining customers' expectations relating to prevention of temporary service interruptions and rectification of services
- **break out activities** — information stations examining a range of SA Water-related topics
- **session 2, protecting the environment** — examining customers' expectations of our responsibilities in relation to environmental protection
- **questions and conclusion.**

Each session in the workshop consisted of several discussion points and engagement activities, supported by our people who acted as table facilitators. The questions asked in the workshops are in Attachment A. In the break there were opportunities to interact with information stations, iPads displaying the Water Talks website and related polls and mini-surveys.

Session one was about reliable services. It started with an overview of our water 'ins and outs' to give participants a good overview of our water and sewerage service operations. Tables of six to eight people were given a scenario to prompt discussion about prevention of and response to a major network event. Each scenario came with relevant facts and figures, as well as a list of data from other scenarios for easy comparison. The scenarios were:

- major main break causing property damage or traffic interruption
- sewer overflow to watercourse
- odour complaint
- water outage to homes and businesses (unplanned)
- sewer overflow and slow drainage — overflow
- sewer overflow and slow drainage — slow drainage
- leak on the road or a property.

Table facilitators guided discussions by asking questions to get participants thinking about how we could prevent these incidents from happening or what they felt was our best response.

Session two had three themes:

- 1 reducing our carbon footprint
- 2 infrastructure projects
- 3 recreational use of reservoirs and water catchments.

The session about reducing our carbon footprint started with a short presentation about how we protect the environment in our delivery of new infrastructure and improvement projects. We explained the point at which our regulatory requirements stop and explored how we are ideally placed to do more for the environment.

The first exercise asked participants to rank five options to help us prioritise actions for reducing our carbon footprint. The options were:

- 1 designing the infrastructure so it has a low carbon footprint with low ongoing emissions from its ongoing operations
- 2 creating jobs for the state
- 3 protecting the biodiversity and cultural heritage of the area in which it is being built
- 4 minimising impacts to community when building infrastructure
- 5 aesthetics, noise and colour of infrastructure, especially in urban areas.

The groups were asked to consider what thoughts or values influenced how they ranked the options, and what they would expect to see happening if we were to make changes.

For the second exercise about infrastructure projects, participants were asked to consider the secondary benefits of infrastructure projects we manage. Each table was given one vote following a short debate at the table on the following choices:

- creating jobs for the state
- designing the infrastructure so it has a low carbon footprint with low carbon emissions from its ongoing operation
- aesthetics, noise and odour of infrastructure (the looks of the building and landscaping), especially in urban areas (does it matter whether it looks good or not?)
- protecting the biodiversity and cultural heritage of the area in which it is being built including for our native plants and animals
- minimising impacts to community when building infrastructure.

In the final exercise about recreational use of reservoirs and water catchments, we collected existing views about opening reservoirs for public use, as well as understanding how participants would like to see reservoirs being used. Participants were asked to consider the most important criteria when assessing access:

- ensuring drinking water remains safe to drink
- safety of the catchment
- public safety
- the benefits to the community
- pollutants to the water
- impact on SA Water bills.

During the workshop, participants were given a 30-minute refreshment break at which time they were asked to explore four information stations, each providing an overview of a different topic and offering a small optional engagement activity to be completed. The stations covered safe, high quality water, reliable services, protecting the environment and support, fairness and a great service.

The activities included questions on the value in having a smart water meter in a home, business, or both. We also asked what we need to get right in our Customer Care Centre to give customers a great experience when they call us. Another activity asked how participants would like us to interact with us and what benefits they would like to see from water recycling.

Community drop-in session

To engage with migrant communities, we held a drop-in session at the Multicultural Communities Council of South Australia. In the session we explained our business planning process and talked to people about how they can have their say to help us to improve our water and sewerage services.



Community drop-in session

Activities were similar to those used in our workshops. Participants were asked how they would like to interact with us, depending on the issue at hand. For example, making a complaint in person, over the phone, or by email. We spoke to participants individually and in groups about their water and sewerage service experiences in their country of birth and in South Australia.

Questions focused on five areas: likes, dislikes, quick fixes, wishes (for five years' time) and general thoughts. We asked:

- What is your memory of water in your home country?
- How would you access water for drinking, washing, cleaning in your home country?
- What is your memory of taste?
- One story of an experience — play, collecting, too much, too little?
- What is your experience now in South Australia — access, taste, smell?
- Have you ever contacted SA Water? If yes, what was your experience?

What we heard

Workshops

A wealth of data was collected from session one and consolidated into themes:

- preventative maintenance is a good investment
- communication with, and education of, customers
- use of new and innovative technology
- an acceptance that a certain level of faults are unavoidable
- providing back up supply (prior to incident, installing back up rain water tanks).

Regarding our response to faults, customers told us these things were important:

- communication with customers
- quick response times
- compensation for loss
- high quality customer service
- alternative supply of services
- effect on health.

From these workshops, we also heard:

- *Using or generating renewable energy* was the most popular suggestion to reduce our carbon footprint, followed by *designing our infrastructure to use less embodied carbon, or to have lower on-going carbon emissions associated with its operation. Reducing electricity usage from the grid and planting native vegetation to capture carbon emissions* each received similar levels of support. *Buying carbon offsets* was unpopular. Some participants questioned if carbon offsets would be useful and some assumed they were a scam. It was also suggested that some customers may be more understanding of a price rise associated with funding green initiatives if they are shown the benefits and outcomes up front.

- The top choices for infrastructure projects were *designing the infrastructure so it has a low carbon footprint with low ongoing emissions from its ongoing operations* followed by *creating jobs for the state* with noticeable lower levels of support. *Protecting the biodiversity and cultural heritage of the area in which it is being built* and *minimising impacts to community when building infrastructure* both ranked low. Some participants assumed these elements would be captured through good design. The option on *aesthetics, noise and colour of infrastructure, especially in urban areas* received no votes. Participants hoped these aspects would be covered in the other options.
- Participant views about recreational use of drinking water reservoirs were generally mixed in the first instance of voting. Following a discussion, when participants were asked to vote again on the same question, the number in favour of recreational access generally increased, though there was some variation in this trend across the regions.

- A clear majority indicated they would use reservoirs and catchments that were opened for recreation, with the metropolitan participants showing the strongest support. A majority of participants in each regional workshop also said they would use the reservoirs, regardless of the initial level of support shown to opening them for public access.
- The four most mentioned activities for recreational access at reservoirs across all sessions were:
 - 1 walking/hiking
 - 2 fishing
 - 3 barbecues/picnics
 - 4 swimming.

Community drop-in session

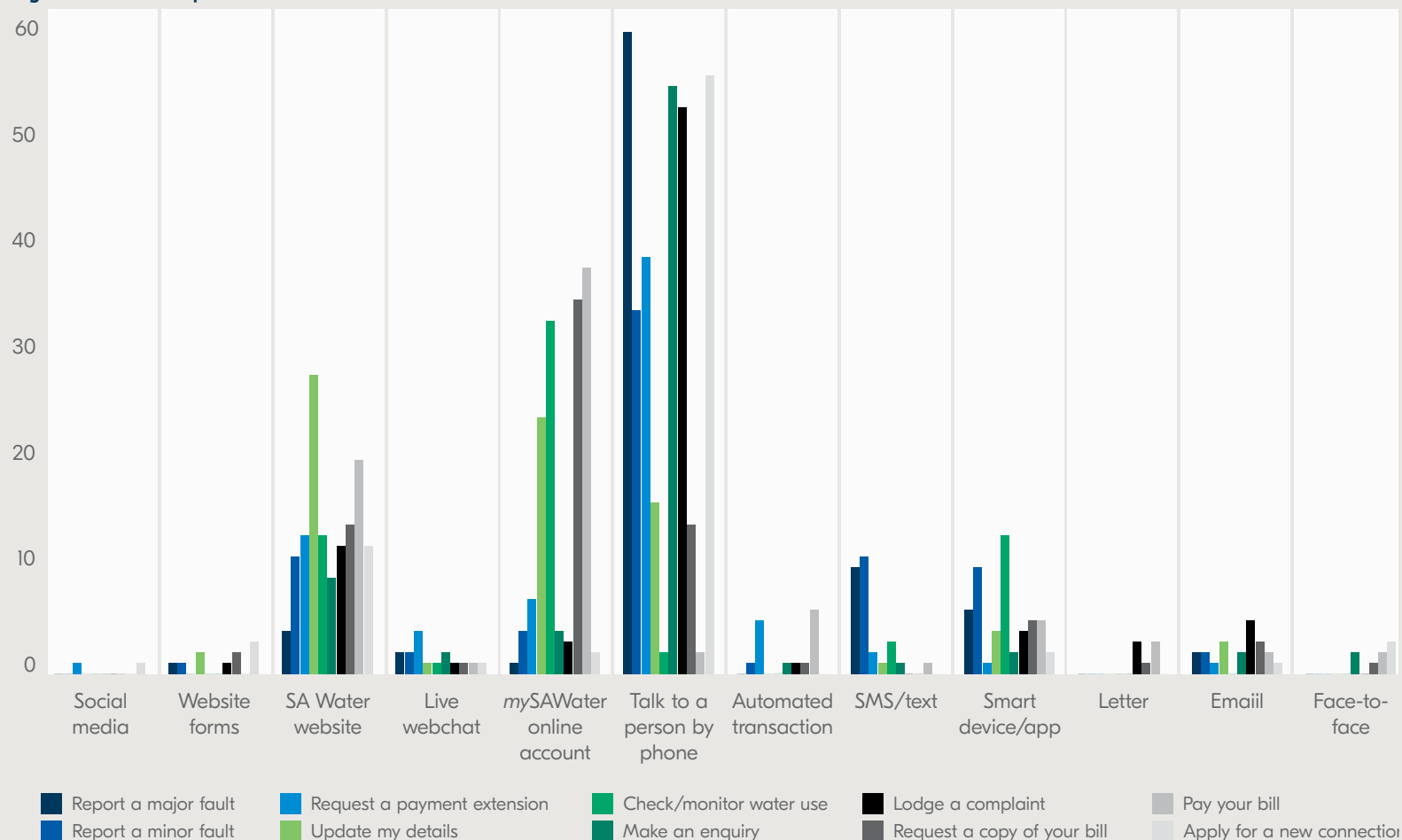
In general, conversations and issues raised were similar to those in other engagement workshops. Water is valued and customers expect a timely response to issues when they arise. There are conflicting perceptions of water quality and some misconceptions about tap water in migrant communities in South Australia, particularly its quality and suitability for drinking straight from the tap. There is an opportunity for education and communication programs to support new arrivals and migrant communities to understand our water is safe to drink straight from the tap.

From the breakout session activities we heard the highest rating channel preferences for interacting with us were:

- talking to a person by phone
- online — mySAWater
- using a smart phone app
- SA Water website

These results were similar for our customers from migrant communities who also prefer to speak to someone on the phone about our services, and are less likely to use a smart device app. A detailed analysis of the results from this activity across all workshops is presented in Figure C.4.

Figure C.4: Channel preference



Phase two — test

Phase two ran from April to June 2018. It involved a number of engagement activities that gave our customers the opportunity to have their say about certain services we provide and how they would value increases or decreases in service levels.

Who we engaged

In this phase, we engaged with more than 6,000 customers:

- more than 5,000 residential and non-residential customers completed our *'What matters to you?'* survey
- an estimated 1,000 customers engaged through our statewide roadshows, community events, stakeholder engagement and targeted engagement with Aboriginal and multicultural communities
- twenty-two customers formed our Customer Working Group
- we held two focus groups and four in-depth interviews with business and non-residential customers.

Our engagement activities

'What matters to you?' survey

Based on customer insights collected, our performance data and other information collected from customers in phase one, we tested the value customers place on certain service levels (above and below current service levels where possible). The survey also tested where customers did not value changes in service levels to build our understanding of their appetite for reduced levels of service in return for cost savings. To do this, we worked with Adelaide-based choice modelling expert Haymakr to develop, run and analyse the results of the *'What matters to you?'* survey.

The survey included services and service levels that could be influenced by our customers which included:

- time taken to fix minor issues, such as leaking water meters
- the number of customers experiencing three or more unplanned water interruptions per year
- time to restore water outages
- time taken to restore an interrupted sewerage service
- a support team for regional SA for major incidents, for example water main breaks or sewage overflows
- the number of sewer overflows to the environment per year
- the amount of used water recycled into reusable water
- the number of sewer blocks per year
- total number of internal sewage overflows in a year (for customers with a sewerage service)
- changing water pressure to reduce water main breaks
- time taken to fix a leaking water main which has not interrupted supply to customers
- the volume of leakage from underground pipes
- the amount of recycled water for community spaces
- high quality drinking water for regional areas with poorer quality
- upgrade water supply for 650 regional properties from non-drinking water to drinking water
- improve the taste of Adelaide metro water.

See Attachment B for more information about the service levels we tested.

In the main section of the survey, participants were presented with two different water bills that detailed a bundle of services at different levels and an overall bill cost. The overall bill cost was based on the participant's actual quarterly SA Water bill. For example, the time taken to restore water outages was presented in one bill at a level of 3.5 hours and at 3.25 hours in another. Participants were asked to select the bill option they preferred. As a follow up question, they were then asked whether they would prefer the bill they had just chosen or their current bill and, therefore, the current service levels we provide. This was repeated six times.

There was a slight difference between the way information was presented for residential and non-residential customers in this section. Non-residential customers automatically saw and compared their chosen bill against their current service level bill each time, whereas residential customers were given the option to open their current bill as a pop-up.

The results of the survey enabled us to understand the value our customers place on different levels of service by identifying the amount they would be willing to pay for that service through their SA Water bill. Other participant information was also collected, such as demographic data, bill stress level and the relative level of importance (not connected to a dollar amount) they place on each of the services tested.

Before the survey was sent to our customers, it was presented to our Customer Advisory Groups for their feedback. The Customer Advisory Groups are an established and continuing representation of external advocacy groups. After this consultation, the Customer Working Group and a representative from Business SA tested the survey.

The testing involved members of the Customer Working Group (the group) running through the survey with Haymakr and highlighting issues, misunderstandings and gaps. At the same time, the group considered whether the survey would be accepted by the general customer base. Overall, 29 changes were recommended of which 22 were completed in full. The remaining seven changes were not carried out due to suggestions being outside the scope of the survey purpose or the changes being inconsequential to the outcome of the survey. In response to customer feedback, two minor introductory wording changes, not part of the main survey, were made once it was live.

The survey was shared and promoted in a number of ways to encourage participation. This included SA Water bill inserts, radio and print promotion, digital and social media, and direct emails to customers registered for mySAWater. More information about our communication activities are in Attachment C.

In total, 5,054 participants completed the survey. Of this sample, 204 were business and non-residential customers. To ensure the residential results accurately represented the views of the South Australian community, the data from the survey was weighted by age, gender and postcode.

To ensure a robust representation of our business and non-residential customers, two focus groups and four in-depth interviews were held to provide a better understanding of these customer groups. The participating businesses were taken through the survey questions and asked their views on whether services should improve, be maintained, or decreased. They were also asked whether changes in services should lead to a bill impact. The focus groups were for small and medium business owners and interviews were conducted with larger businesses. This research was conducted by customer research consultancy Colmar Brunton Research.



Members of the Customer Working Group discuss draft service standards

Digital engagement — Water Talks

All customers had the opportunity to engage with the Our Plan process through our online engagement platform, Water Talks.

During phase two, we used Water Talks in three ways:

- 1 Open discussion — the topics created for phase one were left open to provide the community continued opportunities for discussion. These discussions covered the safety and quality of drinking water, reliability of water and sewerage services.
- 2 Survey link and feedback page — customers could access the 'What matters to you?' survey through an open link. The page also allowed for participants to provide feedback on the survey and its topics. This provided an opportunity to support the community in taking the survey by answering relevant questions and talking about the service level options. The feedback collected is used to evaluate the process.
- 3 An additional short survey asking what people thought we did well and what we could improve relating to water and sewerage services.

During this phase, Water Talks was visited 3,598 times in April and 3,900 times in May.

Statewide roadshow sessions and stakeholder engagement

Customers were given an opportunity to engage with us face to face at 11 roadshow sessions held around the state during April and May 2018. We discussed our history and business planning process with customers, and encouraged them to sign up to Water Talks and complete the 'What matters to you?' survey.

Roadshow and engagement events were held at:

- Adelaide (SACOSS conference)
- Rundle Mall, Adelaide
- Kauwi Interpretive Centre, Adelaide Desalination Plant
- Port Adelaide Library
- Greenacres Library
- Playford Civic Centre
- Renmark Library
- Mount Gambier Library
- Port Lincoln Library
- Kangaroo Island (attendance at the Water Security Plan Engagement Session)
- SA Autumn Garden Festival, Clare.

Drop-in sessions were also held with Spanish, Korean and Filipino groups, which were set up through the Multicultural Community Council of South Australia. These sessions allowed our people to talk with community members about the survey with a translator present (if required) and, if necessary, step through the survey or support sign-up to Water Talks.

From September 2017, we engaged a number of Aboriginal communities to collect their perspectives of our services and our customer approach. The 'What matters to you?' survey was sent to a range of community leaders and Aboriginal stakeholders with an invitation to participate. Individual conversations were also held to seek feedback on a variety of matters, including views on our services, communication and customer service.

Our Customer Advisory Groups were kept updated on progress during this phase with a regular feedback item on their meeting agendas. Members were also encouraged to promote the survey with their constituents and were provided with messages they could use in emails, newsletters and on social media.

Customer Working Group

Our Customer Working Group was established in late February 2018 to support us in testing and analysis of the *'What matters to you?'* survey results, and to consider our proposed updated service standards. The group comprised 22 members of the community who, as a collective, provided a cross representation of our customer base.

They represented:

- residential customers — from each of our five customer segments
- residential customers — representing home owners, tenants and water customers not

connected to sewerage services

- non-residential (or business) customers — business owners, business tenants and small to medium business representatives
- customers from our culturally and linguistically diverse, and Aboriginal communities
- customers across different age groups — representation included members of all age groups 20-60+.

Engaging the group enabled us to have direct and collaborative conversations with our customers about our business and the services we provide. Five sessions were held with the group between February and October 2018:

Session one 24 February 2018	Introduced the members to SA Water, ESCOSA and each other. We gave an overview of our business planning for 2020-24 and our engagement activities.
Session two 3 March 2018	Provided an in depth overview of our business, assets, customers and stakeholders.
Session three 24 March 2018	Supported Haymakr to test and develop the <i>'What matters to you?'</i> survey.
Session four 7 July 2018	Presented and discussed the initial data from the <i>'What matters to you?'</i> survey and identified any gaps. The group was asked to propose what should be taken forward and listened to.
Session five 6 October 2018	Discussed the emerging themes from Water Talks and draft service standards.

In phase two, the group's role was to test the *'What matters to you?'* survey and provide feedback on the data's accuracy and comprehensiveness.

To continue the group's engagement with us and further develop their knowledge of the business while the survey was running, members were offered a voluntary tour of our facilities in April, including the Adelaide Desalination Plant.

Once the survey had closed and the results were analysed, the group was asked to provide feedback on the data's accuracy (did it align with their understanding?) and comprehensiveness (have we missed anything?). They were asked to discuss how their understanding of the data lined up with their knowledge about what is important to our customers. Haymakr presented and provided several charts showing the results for each service level tested and the members broke into smaller groups to interrogate the results in more detail. The group was provided with prompting questions to help them with their discussions. Seventeen of the original 22 members attended this session, five were unable to attend for a variety of personal reasons.

What we heard

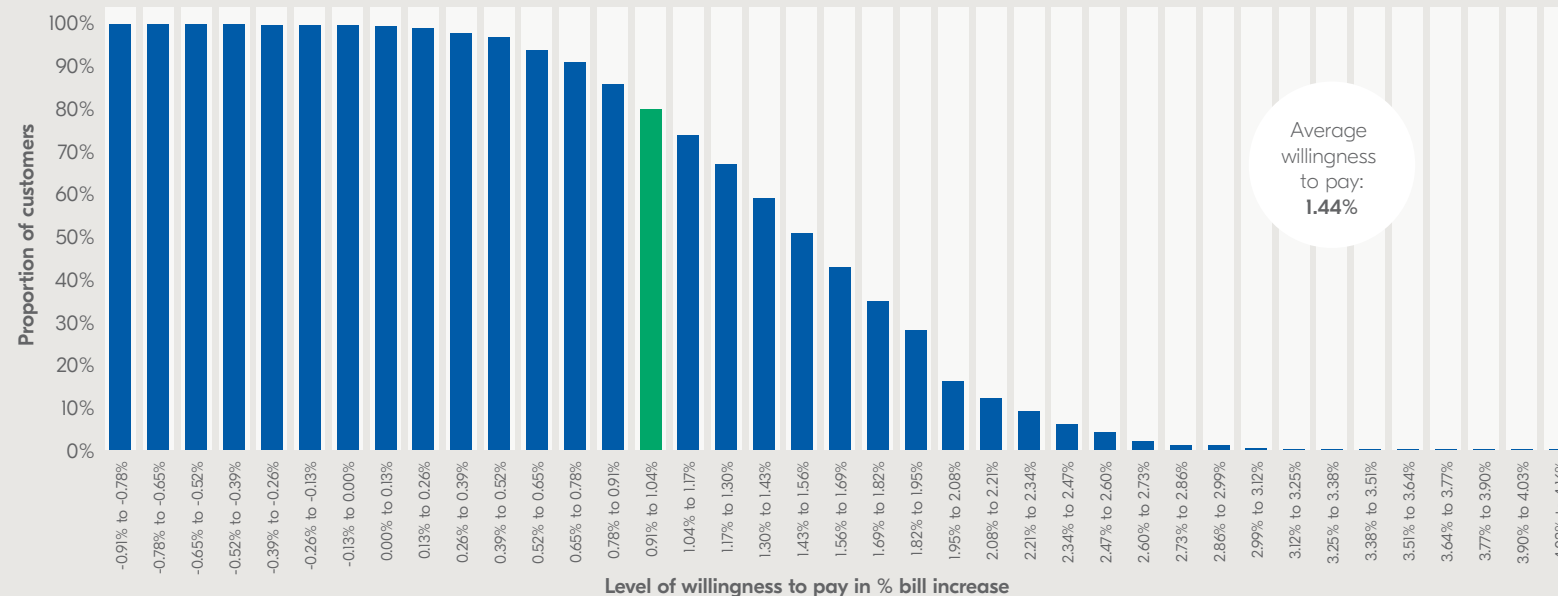
'What matters to you?' survey

The survey was a choice modelling study that provided us with large set of data, giving us good confidence in the representativeness of results. It analysed the value customers place on improving or reducing services (considering current levels of service and price, that is, an increase or decrease in their average SA Water bill). This data was analysed for each of our customer segments and customers experiencing high bill stress. We also compared residential, non-residential, metropolitan and regional data sets.

Choice modelling studies are used in both commercial and regulated environments. In commercial environments, where consumers have greater choice over purchasing good and services, the average value supported by respondents (50th percentile) is used to set prices. As water and sewerage are essential services, we chose a higher threshold than typically used in commercial environments by using the 80th percentile of residential customers as our guide for applying the choice modelling results to our business planning. The residential data was the most robust segment, due to the number of respondents, and ensured a strong majority of our customers indicated they value the service at a given cost. In addition, we overlayed the 50th percentile data for both business customers and high bill stress customers to ensure we were not unfairly disadvantaging these segments. This addressed comments made by our Customer Working Group, which was concerned about disadvantaging customers experiencing bill stress.

The example in figure C.5 shows the results for one of the service levels tested in the survey, the amount of used water recycled into reusable water – 50 per cent recycled. In this case, 80 per cent of respondents supported a 0.9 per cent increase to their average SA Water bill to deliver more than the current service level.

Figure C.5: Example results for service levels tested in the survey



We used this data to determine the best level of service we can deliver, comparing the actual costs to deliver a service with the value customers placed on it. As a result of this exercise, some service level changes were not progressed, while others were progressed for investigation through our business planning process. It should be noted that the values customers place on these services were used as a guide for internal decision making.

Our analysis of this data combined with the actual costs of the initiatives shortlisted 13 service improvements for further investigation or planning:

- 1 provide drinking water to 650 regional properties who currently have non-drinking water supplies
- 2 provide recycled water to councils to irrigate public open spaces
- 3 increase the percentage of used recycled water
- 4 improve regional water quality aesthetics
- 5 reduce the number of sewer overflows to the environment per year
- 6 provide regional support to customers who experience a service interruption
- 7 manage the pressure in the water network to reduce main breaks
- 8 improve the time to fix minor issues such as leaking meters
- 9 improve the time to restore sewer services after an interruption
- 10 improve the taste of water within metropolitan Adelaide
- 11 reduce leakage from SA Water infrastructure
- 12 reduce the time taken to fix leaking water mains that do not interrupt a customer's service
- 13 improve the time taken to restore water services after an interruption.

Haymakr's summary report is in Attachment D.

Statewide roadshow sessions, stakeholder engagement and online engagement

A number of themes emerged through engagement with our customers through our statewide roadshows, stakeholder engagement and online engagement through Water Talks. These themes reinforced what we had previously heard from our customers through phase one and our ongoing research and engagement activities.

The themes were:

- supplying quality drinking water across the state (in both taste and safety)
- keeping water and sewerage interruptions to a minimum
- actively protecting the environment
- recycling more water
- low and stable prices for customers.

Focus groups with business and non-residential customers

From our focus groups with business and non-residential customers, we found that minimising interruptions, time taken to restore temporary service interruptions (water and sewerage) and water recycling were key drivers of preference for better services with water and, if services were to increase in these areas, they would accept an impact on their bill. Price was also identified as a clear pressure, but those interviewed stated that this pressure does not come just from their water bill but also from many other utilities and increasing overheads, such as staff costs and changes in market value for products. These results are consistent with the emerging themes from other activities carried out during phase two.

Customer Working Group

Session four of our Customer Working Group delivered robust conversations about the results of the *'What matters to you?'* survey and the 13 shortlisted service improvements we had taken forward for further investigation or planning. While the group was generally happy that the survey data reflected the views of our broader customer base and the priorities we should focus on, there was a debate about improving the water for 650 regional properties. Some group members raised issues with 650 properties being a priority over other potential services and asked if customers had been given enough information to make an informed choice. The group, while they agreed it was fair and equitable for all South Australians to have clean and safe drinking water, showed concern about whether all customers should pay for this to happen when only a small percentage of customers would benefit. They felt it was hard to understand the true impact on customers versus benefit, without more knowledge of costs.

Questions raised about the data were either answered directly in the session or investigated further and presented at the group's fifth session.

Engagement with Aboriginal communities

The themes that arose in conversations included the need to consider cost impact and the ongoing issue of water quality and water quantity for some regional and remote communities. There was strong support for greater recycled water systems for Aboriginal communities and the need to ensure environmental impacts are considered for sourcing, treating and distributing water. We also heard a number of positive comments highlighting our work in supporting communities in hardship and the recent increase in face to face contact with our people.

Phase three — plan

In addition to our business planning activities discussed in more detail in Appendix B. Customers Shaping the Future, this phase included sharing and discussing the data collected from the *'What matters to you?'* survey with our Customer Working Group. Discussions were centred on how the service level priorities from the survey were being interpreted and used in our business planning. Feedback was also sought on our proposed service standards. The group's meeting in October 2018 gave members a chance to help us evaluate the engagement process and make their final recommendations. In addition, we discussed key themes with customers across the state.

Who we engaged

In phase three, we engaged approximately 600 customers through:

- our Customer Working Group
- the Royal Adelaide Show, statewide field days and directly via our digital engagement platform, Water Talks.

Our engagement activities

Customer Working Group

The Customer Working Group met for the fifth time in October 2018. For this session, 16 of the original 22 members attended. This meant quorum was not achieved and absent group members were consulted out of session via phone and email. In the fifth session, the group heard a presentation about our proposed service standards and had an opportunity to discuss them in detail.

The Royal Adelaide Show and field days

Themes gathered in phase two were used to engage in conversations with our customers at the 2018 Royal Adelaide Show and the Eyre Peninsula and Riverland field days. The themes were:

- keeping bills low and stable
- supplying quality drinking water across the state
- recycling more water
- actively protecting the environment
- keeping service interruptions to a minimum.

Digital engagement — Water Talks

We used Water Talks with:

- A poll about what was important to customers when considering the themes collected from customer comments in phase two. The poll received 428 responses and asked, *In addition to price, which of these themes is most important to you?*
 - Supplying quality drinking water across the state (40.2 per cent).
 - Actively protecting the environment (26.9 per cent).
 - Keeping interruptions to a minimum (5.1 per cent).
 - Recycling more water (27.8 per cent).
- A discussion board about the themes collected in phase two. The discussion was led by the same question as the poll. This gave the community an opportunity to expand on why the theme they had chosen was important.

The discussion forum was open until the end of October 2018 with 37 comments recorded from customers.

During phase three, Water Talks was visited 981 times in July, 1083 times in August, 1106 times in September and 292 times in October. The highest traffic came during our presence at the Royal Adelaide Show, when a majority of the poll votes and unique comments were collected via online access at our Show stand.

What we heard

Customer Working Group

The insights we collected in phase three predominantly came from our discussions with our Customer Working Group. In the fifth session, the group was presented with a set of draft service standards we were proposing for inclusion in Our Plan. Service standards are our commitment for delivering water and sewerage services to our customers. They are a set of measures we will use to monitor our performance, and will be used by ESCOSA to regulate us between 2020 and 2024.

The service standard sets covered the following categories:

- **Responsiveness** — the time we take to respond to our customers when they contact us by phone or if they make a complaint.
- **Water services** — the time we take to attend and restore an interrupted water service.
- **Sewer service** — the time we take to attend and restore an interrupted sewer service.
- **Water quality** — the time we take to respond to a water quality issue.
- **Reliability** — the reliability of the water and sewer network, ensuring interruptions and impact to our customers is minimised.
- **Connections** — the time we take to process applications and construct new connections.

Once presented, the group was led through a world café activity to ensure concise commentary on the proposed service standard sets. Three tables were set up with two sets of standards on each table. Members could choose which table to sit at and discuss the service standards in detail. By design, only a certain number of chairs were allocated to each table. This resulted in some group members observing other conversations without participating. The session ran for 40 minutes, with a bell ringing every 10 minutes to give group members an indication of time remaining. Group members could move tables at any time during the session. This activity gave members an opportunity to share their personal thoughts and vote on which of the proposed service standard sets should be progressed and which would need further investigation. Questions raised on the day were answered by our people who were present as facilitators.

A summary of the comments on the service standard sets collected include:

- **Responsiveness:** While the group thought these measures were useful, they suggested including measures specifically catered to the needs of different customer segments. They agreed that waiting up to 90 seconds for a call to be answered was appropriate.
- **Water service:** The group asked whether back-up systems are in place for hospitals and regional areas should outages occur. Also, if water services were not restored within set timeframes, a rate of compensation should be offered. They noted that we would ideally implement a fix with a long-term focus and that prioritising a quicker outcome could sometimes affect quality.

- **Sewer service:** The group suggested that current services standards were good for residential customers, but SA Water should look at being quicker for business customers as they have different needs. The group asked if businesses had the option to use a private contractor for a quicker fix on a sewer issue and then be reimbursed by SA Water for the work that was completed. Restoration of sewerage services was seen as critical for health services and educational organisations.
- **Water quality:** The majority of the group was happy with the proposal for water quality.
- **Reliability:** The group commented that this was an important service standard set. They thought it would help ensure we are on track, as long as the costs to implement do not increase customer bills considerably. They also agreed that data capture was important for future planning and backing-up claims of great service.
- **Connections:** The service standards were deemed as fair, but there was concern that changes might increase costs for customers. The group thought some service standards did not need to change, especially relating to sewerage. They supported a service standard proposal that stated a 50-day timeframe to install a non-standard sewer connection, suggesting that if people knew in advance, especially developers, they could prepare. There was a perception that developers should be able to plan for longer time periods, so it was deemed that developers were not a priority in this instance.

The group was asked to vote three times on the service standard sets throughout the session. The votes indicated whether they supported the set or whether it needed further investigation. While three votes were held, participation from the second to the third round dropped off quite significantly. It was decided the third vote would be discounted and the position of the group was taken from vote two. However, this decision was not conclusive as the session did not meet quorum. Further phone calls were made to the absent Group members to get quorum (17 members) and a definitive 80 per cent of the group's opinion on each service standard set, in line with the group's terms of reference. Where at least 80 per cent support was not achieved, it was deemed that the group held no strong opinion on that particular service standard set.

From the phone calls, further group members were able to give feedback ensuring everyone was given an opportunity to participate. Group members were also followed up by email. Some members were unable to respond within the set timeframe. A group member who left half way through the session, missing the second vote, was contacted to get their final opinion added to the results. To note: two members present at the fifth session abstained from all voting because they believed SA Water did not need to set service standards. The number of members participating was enough to achieve a quorum for each decision.

The second vote is detailed in Table C.1. The phone responses have been added to the table in **blue**. The final column shows support as a percentage of quorum.

Based on this, the group only showed support for the reliability service standards set. There was split opinion on sewer service standards and a recommendation for further investigation. The group did not reach consensus on the remaining four service standard sets being offered, and agreed they were happy for SA Water to make the final decision on benefits to customers.

During the session, the group had an opportunity to let us know of any personal observations they had made during the process, such as comments on how the process went, what they would change and what worked well. In conclusion, the group made four recommendations, outlined in Attachment E.

Royal Adelaide Show and field days

Comments from the Royal Adelaide Show and field days echoed the sentiment of our customers from a variety of other sources. They aligned strongly with the insights we collected in phases one and two.

Table C.1: Customer Working Group service standard voting outcomes

Service standard set	Support proposal	Investigate further	Withheld vote	% support (support / quorum)
Responsiveness	8 + 2	4 + 1	2	59%
Water service	7 + 3	5	2	59%
Sewer service	5 + 3	7	2	47%
Water quality	9 + 3	3	2	70%
Reliability	11 + 3	1	2	82%
Connection	8 + 3	4	2	65%

Phase four — feedback

Phase four ran from November 2018 to May 2019. The key engagement activity was a contingent valuation survey that gave our customers the opportunity to have their say on five improvement initiatives proposed for inclusion in Our Plan. The findings from this phase of engagement were used as part of the negotiation process, established with ESCOSA, to prepare Our Plan before the final submission in October 2019.

Who we engaged

In this phase we engaged:

- 6,265 residential and non-residential customers in an online survey
- Customer Working Group
- non-residential customers through focus groups and in-depth interviews.

Our engagement activities

'Would you invest in this?' survey

Based on outcomes from phase two and three of our engagement process, and to align with our business planning, we wanted to test customers' willingness to pay for five initiatives they valued, would pay extra for and were viable for delivery over the four-year regulatory period. Marsden Jacob Associates, an independent contingent valuation/willingness to pay expert, was procured to support us to develop, run and analyse the results of the survey.

Results from phase two informed phase four and helped us prepare content and design the survey. The main objective was to understand how many customers supported the five priced initiatives and whether the initiatives should be included as a service from 2020. To ensure a fully informed decision, the survey also showed the bill impact of these initiatives with a base bill increase or decrease. This was based on likely changes to water pricing, outside customer influence, from 2020.

The initiatives tested were:

- 1 improve drinking water quality for the Adelaide metropolitan area
- 2 upgrade the water supply to up to 340 properties across South Australia to provide them with safe, clean drinking water
- 3 increase the amount of recycled water used
- 4 improve the taste, smell and colour of drinking water in regional South Australian communities
- 5 minimise environmental sewage overflows.

The complete question set is in Attachment F.

Before the survey was sent to our customers, it was presented to our Customer Advisory Groups and the Customer Working Group, the latter had an opportunity to test and comment on the survey design and accessibility. Direct interaction with Marsden Jacobs Associates in the sixth session of the group, which was attended by 13 members, led to several changes before the survey was launched. Feedback from the Residential Customer Advisory Group, in particular the Multicultural Communities Council of South Australia, resulted in the addition of individual videos for each initiative to give in-depth information and ensure those with difficulty reading English fully understood what was being asked. This included audio description of the questions so it was clear which box to select when answering.

A strong emphasis was placed on the survey experience to ensure people engaged with the task and understood they could say 'no'. With each initiative tested, survey participants were asked to select the first option if they did not want us to make the investment and to select the second option if they did want us to make the investment. With each 'yes, invest' answer, they were able to see the impact an initiative would have on their bill from 2020. If they answered 'no, do not invest', participants were given an opportunity to tell us why by selecting a statement that most closely described their reason. From these answers, we understood what percentage of customers supported an initiative as long as there was no bill increase. The interrogation of 'no' votes in this way also improved the transparency and granularity of the results by showing customers who:

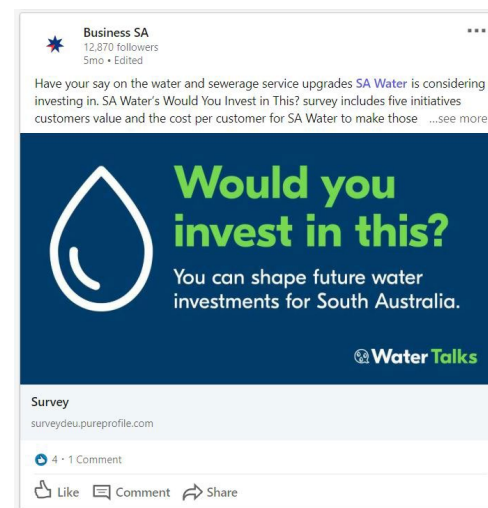
- supported an initiative
- supported an initiative but with no bill impact
- didn't support an initiative.

At the end of the survey, there was an opportunity for respondents to provide broader comments. More than 1,600 comments were recorded and analysed. The majority of comments received were on general topics related to SA Water, rather than in relation to the survey or initiatives being tested.

To encourage participation, we implemented a statewide campaign involving social media, direct email to our customers registered with Water Talks, direct email to our mySAWater users, direct email to our trade waste and top 200 business customers, as well as our South Australian-based suppliers. Invitations to the survey were also distributed to our stakeholders and partners, with a request to share them with their constituents. In total, about 65,000 emails promoting the survey were sent.



Social media content



Business SA LinkedIn post

More than 250,000 people were reached through social media, which focused on paid advertising and organic content on Facebook. The social media advertising targeted a range of audiences, including metropolitan and regional South Australian homeowners and small business owners.

At 6,265, the final response rate exceeded targets in almost all areas. Of this, 215 were commercial and non-residential customers. To ensure a robust representation of this target group, two focus groups with small and medium business customers and four in-depth interviews with large business customers were carried out by an independent consultant to provide qualitative support for the survey results. The data from the survey was weighted by age, gender and postcode to ensure the results accurately represented the views of the South Australian community.

Marsden Jacob Associates' analysis of the data provided us with a wealth of information about the willingness of different customer groups to pay for the five initiatives. The results helped us better understand the differences between priorities of regional and metropolitan customers and the difference in willingness to pay between our customer groups with varying levels of self-identified bill stress. These findings are crucial to informing our understanding of our most vulnerable customers' preferences when it comes to the bill impact of developing new services.

Digital engagement – Water Talks

All our customers were able to engage with the Our Plan process through Water Talks website. We used Water Talks in three ways:

- 1 Closing the loop – all three previous phases of engagement were closed out with our community, including summary reports for each phase.
- 2 Survey link – customers were able to access the 'Would you invest in this?' survey via an open link.
- 3 Informing customers about the next steps, including a timeline.

While the survey was open, there were 400 visitors to the Water Talks in a single day and more than 700 people are now registered with Water Talks. Water Talks was used to notify customers when the survey had closed and about the next steps in the process.

Customer Working Group

In their sixth session, which was convened specifically for phase four, 13 members of the Customer Working Group came together to participate in three activities. A quorum was not required for this session, as the group was not asked for its formal position.

Firstly, the group was asked to test the draft survey. They completed the survey in small groups with our consultant and highlighted any issues, misunderstandings or gaps. At the same time, the group considered whether the survey would be acceptable to our general customer base and accessible. Video scripts were shared during the session, so members of the group understood what information would be provided. Through this collaboration, several changes to the survey were suggested. These included shortening instructions or explanations, being more transparent about costs and solutions in the video scripts, and making the bill impact of each initiative clearer.

Secondly, the Customer Working Group was given a full summary of the three previous phases of engagement. This showed them how their recommendations had been acted on, especially in developing the engagement for phase four.

Finally, the group was engaged in a consultative exercise around the development of a new app which would help community members locate drinking water fountains geographically. This participatory activity tested possible future uses for the group in the future.

What we heard

The results showed a majority supported and were willing to pay for all five initiatives and also indicated customers care about:

- equality
- the quality of our water supply
- the environment.

These results are consistent with information gained through our corporate strategy research and the '*What matters to you?*' study in phase two. There is strong support for changes that benefit regional South Australia and for equality in the quality of drinking water for all in the state.

These results and the associated themes will be used to support ongoing business planning. Our consultant's breakdown of the comments suggested the following themes:

- respondents were highly engaged in the task and really appreciated being consulted about the expenditure proposals
- there was preference for user pays for some services
- customers are dissatisfied with current bills, in particular that bills are either too high and/or that their residential sewerage bill should not be based on property value as determined by the valuer general
- customers did not want further bill increases, because of current cost of living concerns.

Marsden Jacob Associates' summary report is in Attachment G.

Attachment A — phase one workshop questions

Session one — reliable services

Prevention: What does success look like? What indicators/measures would be important to consider so as to act more proactively than reactively, for example, should we look at the number of times a type of fault happens generally, or should we consider how many times it happens in the same location, or both? And why?

Response: What is important for you as customers and your minimum expectations of SA Water in responding to this type of fault? (Consider the fault itself as well as the response to you as the customer — response times, restoration times, duration of issue and customer care.)

Session two — reducing our carbon footprint

- 1 What are the priorities for us to focus on in reducing our carbon footprint?
- 2 What actions should SA Water be considering?
- 3 Are some actions more important than others?

Options included:

- designing the infrastructure so that it has a low carbon footprint with low ongoing emissions from its ongoing operations
- creating jobs for the state
- protecting the biodiversity and cultural heritage of the area in which it is being built
- minimising impacts to community when building infrastructure
- aesthetics, noise and colour of infrastructure, especially in urban areas.

Session two — infrastructure projects

When SA Water needs to build infrastructure for the purpose of delivering water or removing waste, which of the following secondary benefits to the community should SA Water consider when designing and planning new projects:

- creating jobs for the state
- designing the infrastructure so it has a low carbon footprint with low carbon emissions from its ongoing operation
- aesthetics, noise and odour of infrastructure (the looks of the building and landscaping), especially in urban areas (does it matter whether it looks good or not?)
- protecting the biodiversity and cultural heritage of the area in which it is being built including for our native plants and animals
- minimising impacts to community when building infrastructure.

Session two — recreational use of reservoirs and water catchments

What criteria should SA Water be considering when assessing this access:

- ensuring drinking water remains safe to drink
- safety of the catchment
- public safety
- the benefits to the community
- pollutants to the water
- costs to SA Water bills.

Attachment B – service and service levels included in the *What matters to you?* survey

NB: levels in **green** represent the current service level

Attribute	Level 1	Level 2	Level 3	Level 4	Level 5
1 Time to fix minor issues such as leaking water meters	Fixed within 30 business days	Fixed within 25 business days	Fixed within 21 business days	Fixed within 10 business days	Fixed within 5 business days
2 Number of customers experiencing 3 or more unplanned water interruptions per year	1,900 customers per year	1,400 customers per year	900 customers per year	750 customers per year	600 customers per year
3 Time to restore water outages	3.75 hours	3.5 hours	3.25 hours	3 hours	2.75 hours
4 Time taken to restore an interrupted sewerage service	5.4 hours	5.8 hours	6.3 hours	6.8 hours	7.3 hours
5 A support team for regional SA for major incidents, for example water main breaks or sewage overflows	Field crews attend, restore the service and clean up	Field crews attend, restore the service, clean up and provide drinking water for extended outages in major regional centres	Field crews attend, restore the service, clean up and provide drinking water for extended outages in all regional centres		
6 Number of sewer overflows to the environment per year	60 overflows per year	70 overflows per year	83 overflows per year		
7 Amount of used water recycled into reusable water	28% is recycled	40% is recycled	50% is recycled		
8 Number of sewer blocks per year	68 sewer blocks per 100 km per year	65 sewer blocks per 100 km per year	25 sewer blocks per 100 km per year	10 sewer blocks per 100 km per year	
9 Total number of internal sewage overflows in a year (for customers with a sewerage service)	100 overflows per year	150 overflows per year	196 overflows per year		
10 Water pressure to reduce water main breaks	Current pressure levels maintained	Pressure management implemented in 3 metro zones	Pressure management implemented across the state		
11 Time taken to fix a leaking water main which has not interrupted supply to customers	7 business days	6.5 business days	6 business days	5.5 business days	5 business days
12 Leakage from underground pipes	20 Olympic sized swimming pools worth of water per day	22 Olympic sized swimming pools worth of water per day	24 Olympic sized swimming pools worth of water per day	26 Olympic sized swimming pools worth of water per day	28 Olympic sized swimming pools worth of water per day
13 Recycled water for community spaces	No subsidised recycled water for irrigating community spaces	Free recycled water to council area for community spaces in arid climates, for example Port Augusta, Whyalla	Free recycled water to all council areas to irrigate public open space		
14 High quality drinking water for regional areas with poorer quality	No work	1 community receives improvement to their water supply	3 regional communities receive improvements to their drinking water supply	Improve all drinking water issues within 12 years	

Attribute	Level 1	Level 2	Level 3	Level 4	Level 5
15 Upgrade water supply for 650 regional properties from non-drinking water to drinking water	No further improvement for 650 regional properties	Drinking water supply for 650 properties over 8 years	Drinking water supply for 650 properties over 4 years		
16 Taste of Adelaide metro water	Keep current taste	Reduce chlorine taste	Reduce the musty/earthy taste	Reduce chlorine and earthy/ musty taste	

Attachment C – Water Talks engagement and communications activities

19 February – 29 March	Informing customers Water Talks is coming – bill insert	208,000 customers
24 February	Customer Forum Session 1	22 participants
3 March	Customer Forum session 2	22 participants
16 – 17 March	South East Field Days, Lucindale	22,000 attendees
22 March	<i>World Water Day</i> , Rundle Mall	100+ customers
24 March	Customer Forum session 3	22 participants
3 April – 18 May	Informing customers Water Talks is open until 1 June – bill insert	383,000 customers
3 April – 18 June	Informing customers Water Talks is open until 1 June via social media	Approx. 1,200 people reach per post
3 April – 1 June	Provide details about Water Talks study to local council and peak bodies for inclusion in resident/member communication	Through the Local Government Association of SA we have potential to reach their 75 member councils. Beyond this their councillors and staff and potentially wider community via their communication tools
3 April – 1 June	Communication with SA Water employees	2,000 employees/contractors
3 April – 1 June	Website promotion	Approx. 50,000-65,000 unique visitors/month
3 April – 1 June	Media coverage	19 radio pieces, 34 print articles and 8 online
3 April – 1 June	Advertising, including: <ul style="list-style-type: none"> • statewide media • local newspapers • radio • online • social media 	Metro print reach: 528,000 readers Metro radio reach: 480,000 listeners InDaily reach: 84,000 readers Facebook: 1,313,000 people
3 April – 1 June	Direct email to major customers	216 business customers
3 April – 1 June	Direct email to <i>mySAWater</i> customers	Approx. 40,000 customers
3 April – 1 June	Direct email to Trade Waste customers	Approx. 3,300 customers
3 April – 1 June	Direct email sent to those signed up to Water Talks	Two emails promoting and reminding them about the survey to 307 registered customers
3 April – 1 June	Email sent by partners to contact databases – including the City of Adelaide	Approximately 20,000 emails
10 April	Roadshow Playford Civic Centre	Actual engagement 14 people and 6 businesses spoken to in the local area
16 - 20 April	Roadshow Kauwi Interpretive Centre, Adelaide Desalination Plant	Approx. 100 participants
19 April	Roadshow Port Lincoln Library	Actual engagement 14 participants
21 April	Customer Working Group at Kauwi Interpretive Centre, Adelaide Desalination Plant	Actual engagement 14 participants

29 April	Roadshow Clare SA Autumn Garden festival	Approx. 3,000 festival goers
2 May	Roadshow Victor Harbor	Actual engagement 25 participants
4 May	Korean community engagement	Actual engagement 1 person (community translator)
7 May	Spanish community engagement	Actual engagement 4 participants
11 May	Russian community engagement	Cancelled by the community due to lack of interest
14 May	Roadshow SACOSS Conference, Adelaide	Actual engagement 25 participants
17 May	Direct email to business customers	Approx. 900 customers
21 May	Roadshow Port Adelaide Library	Actual engagement 15 participants and 23 businesses spoken to in the local area
24 May	Roadshow Mount Gambier	Actual Engagement 20 participants
28 May	Filipino community engagement	Actual engagement 9 participants
28 May	Roadshow Greenacres Library	Actual engagement 20 participants and 3 businesses spoken to in the local area
31 May	Roadshow Berri Public Library	Actual engagement 6 participants and 3 businesses spoken to in the local area
Ad hoc activity	General walking delivering leaflets	Approx. 200 residential addresses and 100 businesses visited
April – June	Aboriginal engagement about Water Talks – data collection through story collecting	Approx. 125 community members from across the state including Elders, community representatives and groups
April – June	<i>What matters to you?</i> survey	5,119 completed



“WHAT MATTERS TO YOU?” MEASURING CUSTOMER WILLINGNESS TO PAY

Summary report

Prepared for: SA Water
Prepared by: Haymakr

March 2019

Context and objectives



- Every four years SA Water submits a proposal to its regulator, ESCOSA, which details its planned investment in infrastructure and service. A core input into that plan is a detailed understanding of customer needs and wants, and importantly, their willingness to pay for changes in delivery levels.
- For the 2019 submission, SA Water wanted to conduct a rigorous and structured approach, centred around choice modelling, to identify levels of willingness to pay.
- This document details the approach taken and the results it generate for phase two of SA Water's engagement process.

The approach for the process: choice modelling

- Choice modelling has been proven to be a highly effective methodology for predicting consumer behaviour. Its origins can be traced to the 1920's with progress accelerating in the 1960's and 1970's. Daniel McFadden won the Nobel Memorial Prize in Economic Sciences for his work the use of choice modelling in transport planning. It is widely used in a range of sectors.
- It measures the trade-offs people make between various product or service features when choosing between alternatives. It assumes that people, when faced with a range of choices, will choose the one that offers them the maximum value (utility)
- By varying the levels of features of interest and forcing consumers to make trade-offs we can understand the relative importance of each. A model is then created to predict the impact of changes in service level on willingness to pay.
- Its strength is that it simulates real choices consumers make, in other words rather than asking people how or what they think about something or what they think is important, it actually measures what they would do. As a result it is widely used across many forms of research.

"Our review of the methodologies used in the different stated preference techniques concluded that Choice Modelling is the most suitable method for estimating consumers' willingness to pay for quality improvements in multiple disciplines.

This is because it has less inherent biases than the other techniques enabling the implicit price to be estimated... "

Review of willingness to pay methodologies,
The Centre for International Economics, Canberra & Sydney

The process

PHASE 1: PLAN November 2017 – February 2018

Kick off planning session

Agree project details, deliverables and timings

Define team responsibilities and WIP plan

Internal stakeholder engagement

Input development

Survey launch strategy development

Questionnaire design

PHASE 2: TEST March 2018

Choice model design

Programming

Haymakr testing

Project team testing

Training of customer teams

Customer working group testing

PHASE 3: EXECUTE April – June 1st 2018

Open link on website

Targeted request for participation in bill

Recruitment campaign

Top-up sample

PHASE 4: ANALYSE June – July 2018

Data cleaning

Model building and checking

Headline results

Face to face presentation

Written report

Presenting to any external groups

Follow up analysis

The service elements and levels that were tested (1/2)

(Current levels in bold)

	SERVICE ELEMENT	Level 1	Level 2	Level 3	Level 4	Level 5
1	Time to fix minor issues such as leaking water meters	Fixed within 30 business days	Fixed within 25 business days	Fixed within 21 business days	Fixed within 10 business days	Fixed within 5 business days
2	Number of customers experiencing 3 or more unplanned water interruptions per year	1900 customers per year	1400 customers per year	900 customers per year	750 customers per year	600 customers per year
3	Time to restore water outages	3.75 hours	3.5 hours	3.25 hours	3 hours	2.75 hours
4	Time taken to restore an interrupted sewerage service	5.4 hours	5.8 hours	6.3 hours	6.8 hours	7.3 hours
5	A support team for regional SA for major incidents, for example water main breaks or sewage overflows	Field crews attend, restore the service and clean up	Field crews attend, restore the service, clean up and provide drinking water for extended outages in major regional centres	Field crews attend, restore the service, clean up and provide drinking water for extended outages in all regional centres		
6	Number of sewer overflows to the environment per year	60 overflows per year	70 overflows per year	83 overflows per year		
7	Amount of used water recycled into reusable water	28% is recycled	40% is recycled	50% is recycled		
8	Number of sewer blocks per year	68 sewer blocks per 100 km per year	65 sewer blocks per 100 km per year	25 sewer blocks per 100 km per year	10 sewer blocks per 100 km per year	
9	Total number of internal sewage overflows in a year (for customers with a sewerage service)	100 overflows per year	150 overflows per year	196 overflows per year		

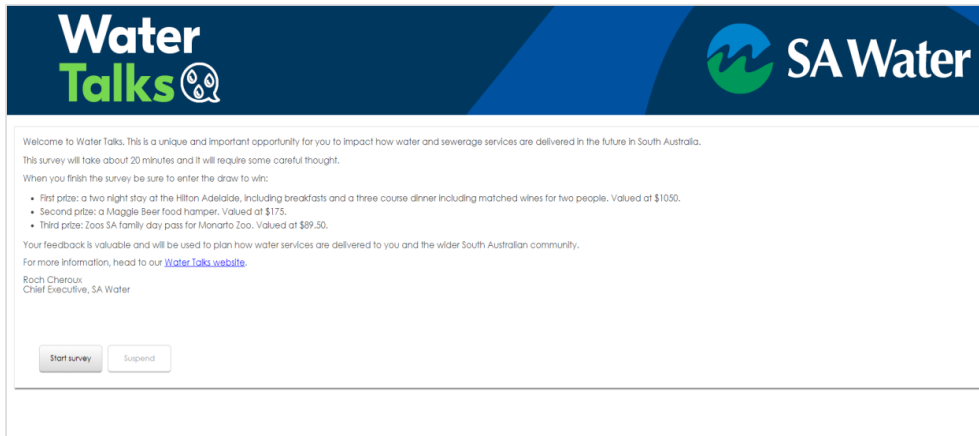
The service elements and levels that were tested (2/2)

(Current levels in bold)

	SERVICE ELEMENT	Level 1	Level 2	Level 3	Level 4	Level 5
10	Water pressure to reduce water main breaks	Current pressure levels maintained	Pressure management implemented in 3 metro zones	Pressure management implemented across the state		
11	Time taken to fix a leaking water main which has not interrupted supply to customers	7 business days	6.5 business days	6 business days	5.5 business days	5 business days
12	Leakage from underground pipes	20 Olympic sized swimming pools worth of water per day	22 Olympic sized swimming pools worth of water per day	24 Olympic sized swimming pools worth of water per day	26 Olympic sized swimming pools worth of water per day	28 Olympic sized swimming pools worth of water per day
13	Recycled water for community spaces	No subsidised recycled water for irrigating community spaces	Free recycled water to council area for community spaces in arid climates e.g. Port Augusta, Whyalla	Free recycled water to all council areas to irrigate public open space		
14	High quality drinking water for regional areas with poorer quality	No work	1 community receives improvement to their water supply	3 regional communities receive improvements to their drinking water supply	Improve all drinking water issues within 12 years	
15	Upgrade water supply for 650 regional properties from non-drinking water to drinking water	No further improvement for 650 regional properties	Drinking water supply for 650 properties over 8 years	Drinking water supply for 650 properties over 4 years		
16	Taste of Adelaide metro water	Keep current taste	Reduce chlorine taste	Reduce the musty/earthy taste	Reduce chlorine and earthy/musty taste	

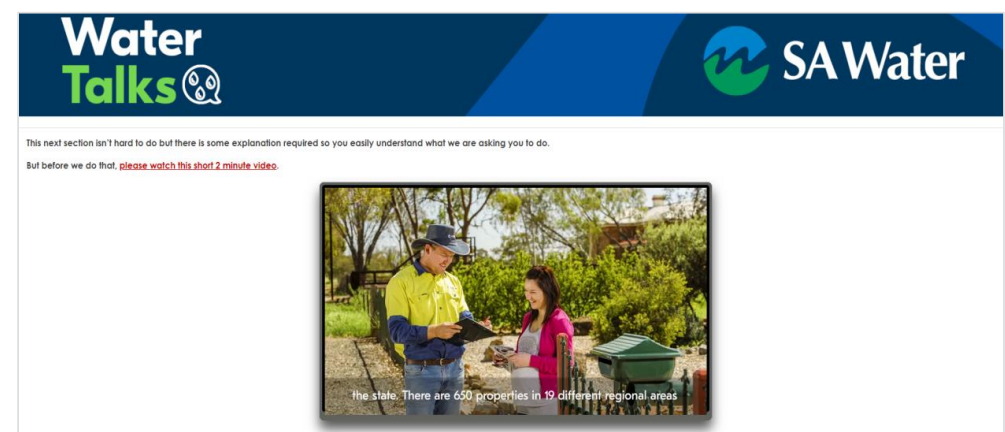
How the survey looked

The welcome page



The screenshot shows the 'Water Talks' survey welcome page. At the top is a dark blue header with the 'Water Talks' logo on the left and the 'SA Water' logo on the right. Below the header, the text reads: 'Welcome to Water Talks. This is a unique and important opportunity for you to impact how water and sewerage services are delivered in the future in South Australia. This survey will take about 20 minutes and it will require some careful thought. When you finish the survey be sure to enter the draw to win:'. A bulleted list of prizes follows: 'First prize: a two night stay at the Hilton Adelaide, including breakfasts and a three course dinner including matched wines for two people. Valued at \$1050.', 'Second prize: a Magpie Beer food hamper. Valued at \$175.', and 'Third prize: Zoos SA family day pass for Monarto Zoo. Valued at \$89.50.'. Below the list, it says 'Your feedback is valuable and will be used to plan how water services are delivered to you and the wider South Australian community. For more information, head to our [Water Talks website](#).' At the bottom left, it says 'Rach Cheroux, Chief Executive, SA Water'. At the bottom right, there are two buttons: 'Start survey' and 'Suspend'.



The video that explained the issues contained in the survey



How the survey looked

The glossary further explained the terminology (could be referred back to at any point in the choice model)

The mocked up example of the choice model explaining what was required






Glossary of Terms

As you go through the questions, there may be some words and phrases that require explanation. It's important that you read the explanations below so that you can answer the later questions accurately.

Community space	An area of land used by the community for recreation such as a park, playground or sports field.
Drinking water	Water treated to a standard that is safe for drinking, as set by the Australian Drinking Water Guidelines.
Emergency payment scheme	Provides assistance to households in a financial crisis who are unable to pay their water bill/debt.
Field crew	A small team of people who work to repair and maintain our pipe network.
Independent financial counsellor	A person who provides information, support and advocacy to help people in financial difficulty, who is independent of SA Water.
Internal sewage overflow / sewage overflow	When a sewer pipe blocks and sewage backs up to the point where it overflows. This can happen inside a house (toilet) or outside (sewer access point), depending on where the blockage occurs.
Interrupted sewer service	When there is slow or no drainage of sewage. For example, the toilet, sink, shower, and/or bath drain slowly or don't drain at all.
Leakage	When water seeps out of pipes underground. We describe leakage in terms of the number of Olympic swimming pools worth of water lost per day, where one pool is 2.5 million litres of water.
Leaking water main	When water leaks from a water main or network pipe, can often be seen on the road or footpath surface above the pipe.
Major Incident	For example, an incident that impacts a large number of customers, such as traffic restrictions on major arterial roads while we repair a main break, or an incident where customers experience an extended water outage, property damage or flooding from a fault in the

Water Talks





SA Water

OK, here are the survey details!

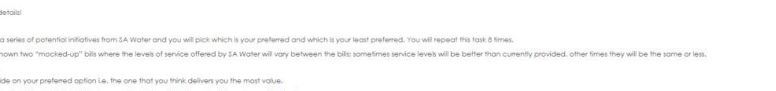
There are three steps:

Step 1: We will show you a series of potential initiatives from SA Water and you will pick which is your preferred and which is your least preferred. You will repeat this task 8 times.

Step 2: You will then be shown two "mocked-up" bills where the levels of service offered by SA Water will vary between the bills; sometimes service levels will be better than currently provided, other times they will be the same or less. The bill size will also vary.

You will be asked to decide on your preferred option (i.e. the one that you think delivers you the most value).



Below is an example of how it will look. This is just to show you the look and feel, you don't have to read the text:



Example

How the survey looked

The choice tasks

Screen 1 of 6
Great work, so far so good!

Below are two different water bills. The level of service will vary between the two, as will the bill size.

Each time you do this task the service levels will be different. Please carefully read the options as the differences may be small.

These are hypothetical only, not planned SA Water strategies.

Please choose which is your most favourite.

You can review the Glossary of Terms in a new window by [clicking here](#).

	SA WATER SERVICE OFFERING 1	SA WATER SERVICE OFFERING 2
Time to fix minor issues such as leaking water meters	Fixed within 3 business days	Fixed within 30 business days
Number of customers experiencing 3 or more unplanned water interruptions per year	100 customers per year	750 customers per year
Time to restore water outages	1.5 hours	1.5 hours
Time taken to restore an interrupted sewerage service	1.5 hours	1.5 hours
A support team for regional SA for major incidents, for example water main breaks or sewage overflows	24/7 support centre, answer the phone, report and provide advice to customers, subject to the location of the incident	24/7 support centre, answer the phone and provide advice to customers, subject to the location of the incident
Amount of used water recycled into reusable water	100% recycled	100% recycled
Number of sewer blocks per year	10 sewer blocks per 100 km per year	10 sewer blocks per 100 km per year
Water pressure to reduce water main breaks	Pressure management program to reduce the risk of water main breaks	Pressure management program to reduce the risk of water main breaks
Time taken to fix a leaking water main which has not interrupted supply to customers	1.5 business days	1 business day
Leakage from underground pipes	SA Water does not estimate pipe leaks or water loss	SA Water does not estimate pipe leaks or water loss
Upgrade water supply for 400 regional properties from non-potable water to drinking water	100 properties per 100 regional properties	100 properties per 100 regional properties
Time of Adelaide metro water	Reduce the non-potable water	Reduce potable water
CHANGE TO WATER BILL	ADD \$30 TO YOUR BILL TOTAL 2024	ADD \$10 TO YOUR BILL TOTAL 2024
	X	X

These are hypothetical only, not planned SA Water strategies.
Please choose which is your most favourite.
You can review the Glossary of Terms in a new window by [clicking here](#).

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Time of Adelaide metro water	Reduce the non-potable water	Reduce potable water
CHANGE TO WATER BILL	ADD \$30 TO YOUR BILL TOTAL 2024	ADD \$10 TO YOUR BILL TOTAL 2024
	X	X

Sample size

RESIDENTIAL CUSTOMERS

- Consumer sample = 4,850
- To qualify, people had to have full or shared responsibility for the payment of household bills
- The data was weighted by postcode to ensure it is representative of the overall South Australian household profile
- It was also weighted by age, gender and SA Water segment to match the SA Water customer profile
- The sample size of 4,850 results in a confidence interval of 1.4 based on a universe size of 700,685 (the number of residential customers).

COMMERCIAL/ NON RESIDENTIAL CUSTOMERS

- Business sample size = 204
- Business respondents were screened to make sure the person had responsibility/a high level of influence for organisational spend on water
- The sample size of 204 results in a confidence interval of 6.85 based on a universe size of 72,951 (commercial and non-residential combined).

Data quality



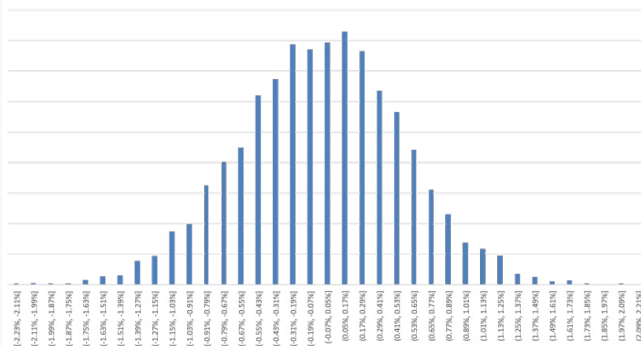
- The final data was cleaned to remove any low quality interviews.
- Interviews were deleted if respondents:
 - Completed the choice section too quickly so that the data could not be accurate (less than 2 minutes)
 - Completed the whole survey too quickly so that the data could not be accurate (less than 5 minutes)
 - Had entered in the same contact details for the prize draw
 - If low quality verbatim responses were provided.

A note on interpretation



- It should be noted that the purpose of this study was to measure the value customers place on different service levels.
- It does not make recommendations about which service elements should be changed. Which service elements should be changed and the number of changes requires careful planning, factoring in wide range of internal and external factors such as the cost to implement and business feasibility.
- Ideally the changes that are made would include those that are most important (have a higher willingness to pay) and those that touch as wide a range of customers as possible.
- It should also be noted that willingness to pay is a function of the importance customers place on a service element but also the variance of the levels tested. For example, a service element could be very important but if the levels tested are only very small increments from the current level then willingness to pay may not be high.

A note on interpretation: the 80th percentile



In order to be inclusive and sensitive to customer needs, rather than use the average willingness to pay (the 50th percentile), SA Water used the 80th percentile score. That is, the amount that 80% of customers would be willing to pay for a change in service level.

What would customers pay for the best service level in all service elements?

RESIDENTIAL: ADDITIONAL % THEY ARE WILLING TO PAY AT THE 80th PERCENTILE

REGIONAL:	Drinking water supply for 650 properties over 4 years	1.74%	NONE
RECYCLED WATER:	Free recycled water to all council areas to irrigate public open space	1.51%	NONE
INTERNAL SEWER OVERFLOWS:	100 overflows per year	0.94%	196
SEWER OVERFLOWS TO THE ENVIRONMENT:	60 overflows per year	0.94%	83
RECYCLED WATER:	50% of used water recycled into reusable water	0.91%	28%
FOR REGIONS WITH LOWER QUALITY:	Improve all drinking water issues within 12 years	0.74%	NO WORK
REGIONAL SUPPORT:	Field crews attend, restore the service, clean up and provide drinking water for extended outages in all regional centres	0.49%	RESTORE & CLEAN
RESTORE INTERRUPTED SEWERAGE SERVICE:	5.4 hours	0.41%	6.3
WATER PRESSURE:	20 Olympic sized swimming pools worth of water per day	0.35%	24
LEAKS FROM UNDERGROUND PIPES:	10 sewer blocks per 100 km per year	0.29%	65
WATER PRESSURE:	Pressure management implemented across the state	0.28%	CURRENT
ADELAIDE WATER TASTE:	Reduce chlorine and earthy/musty taste	0.25%	CURRENT
TIME TO FIX MINOR ISSUES:	Fixed within 5 business days	0.18%	21 DAYS
EXPERIENCE 3 OR MORE WATER INTERRUPTIONS:	600 customers per year	0.02%	900
TIME TO FIX NON-INTERRUPTING MAIN:	5 business days	0.01%	6 BUSINESS DAYS
TIME TO RESTORE WATER OUTAGES:	2.75 hours	0.01%	3.25 HOURS

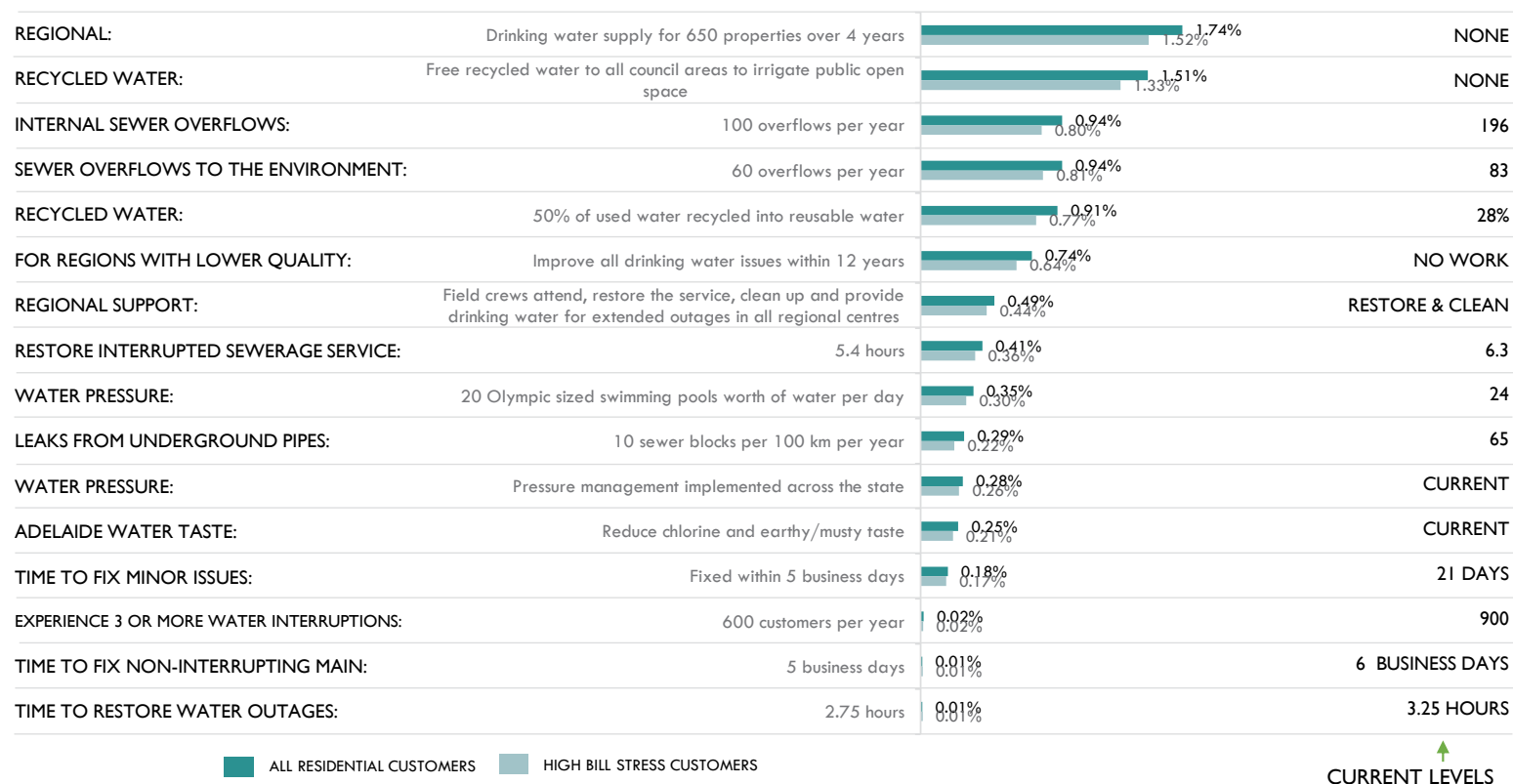
↑
CURRENT LEVELS

There is significant variance in willingness to pay across the different service attributes.

Regional drinking water has the highest willingness to pay, followed by recycled water in public spaces.

What would customers pay for the best service level in all service elements?

HIGH BILL STRESS RESIDENTIAL SEGMENTS: ADDITIONAL % THEY ARE WILLING TO PAY AT THE 80th PERCENTILE

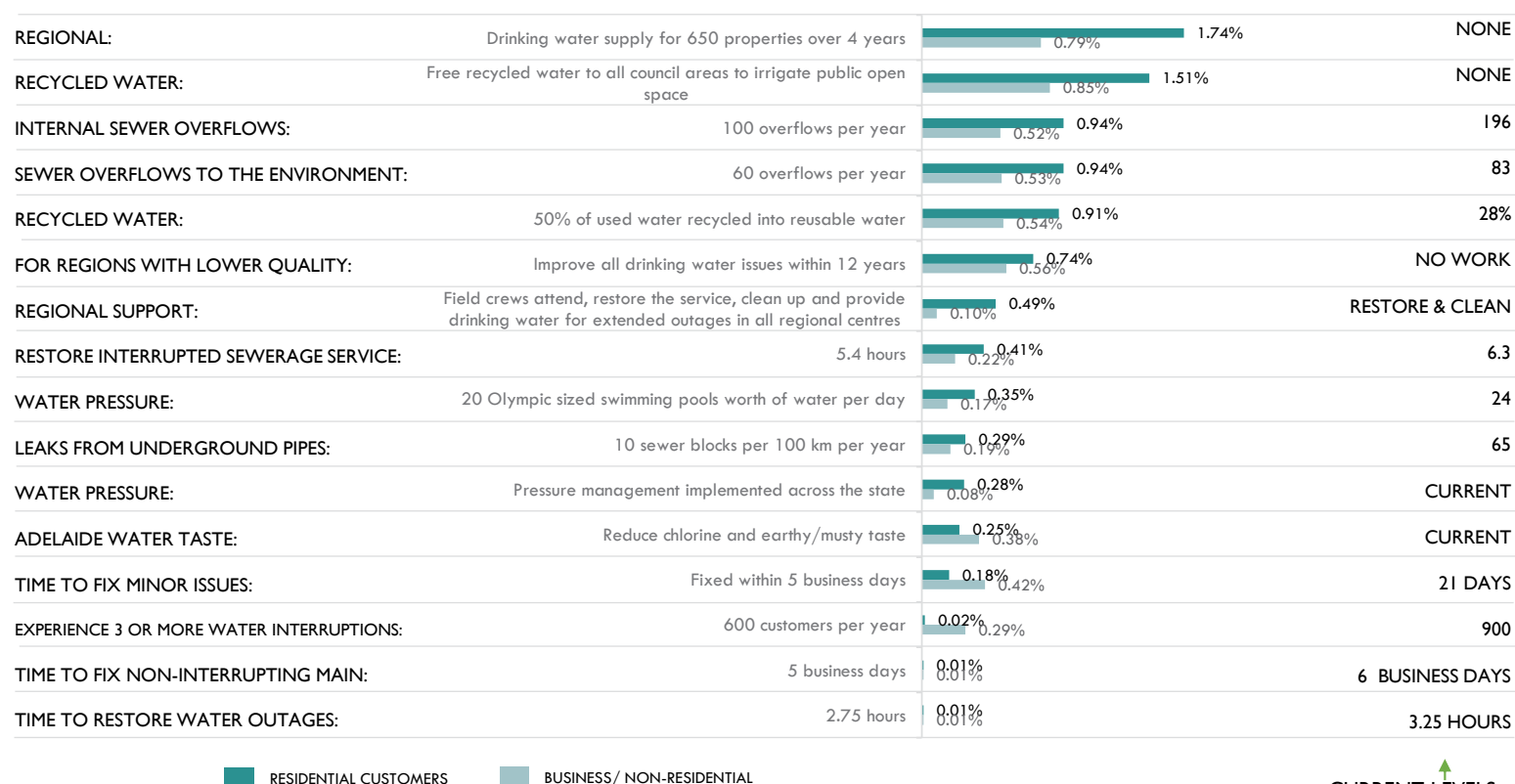


High bill stress segments display a lower willingness to pay for all service elements.

Though differences are small for most service attributes.

Comparing residential with commercial/ non-residential

(ADDITIONAL % WILLING TO PAY AT 80th PERCENTILE)



In relative terms (the percentage of their bill) commercial/ non-residential customers are willing to pay.

But the absolute \$ will be higher amongst commercial customers because of their higher bill size.

Explaining the following charts

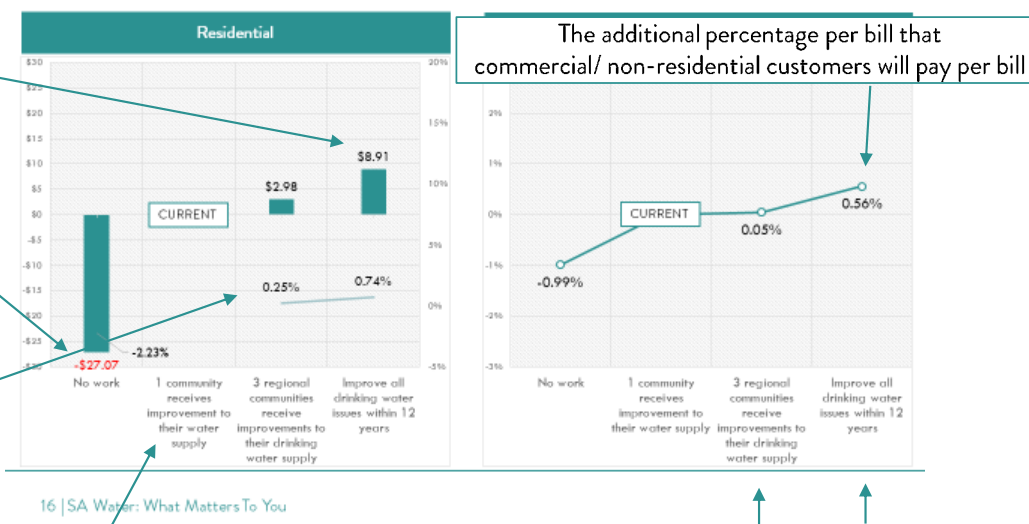
The following charts detail how much customers are willing to pay for improvements in service levels and receive back for reductions in service levels. The numbers shown are the 80th percentile; the amount 80% of respondents are willing to pay.

The \$ amount is how much residential customers will pay per bill

This is a reduced service level and the numbers represent how much customers would expect back on their bill

The additional percentage per bill that residential customers will pay per bill

Willingness To Pay: High Quality Drinking Water For Regional Areas With Poorer Quality

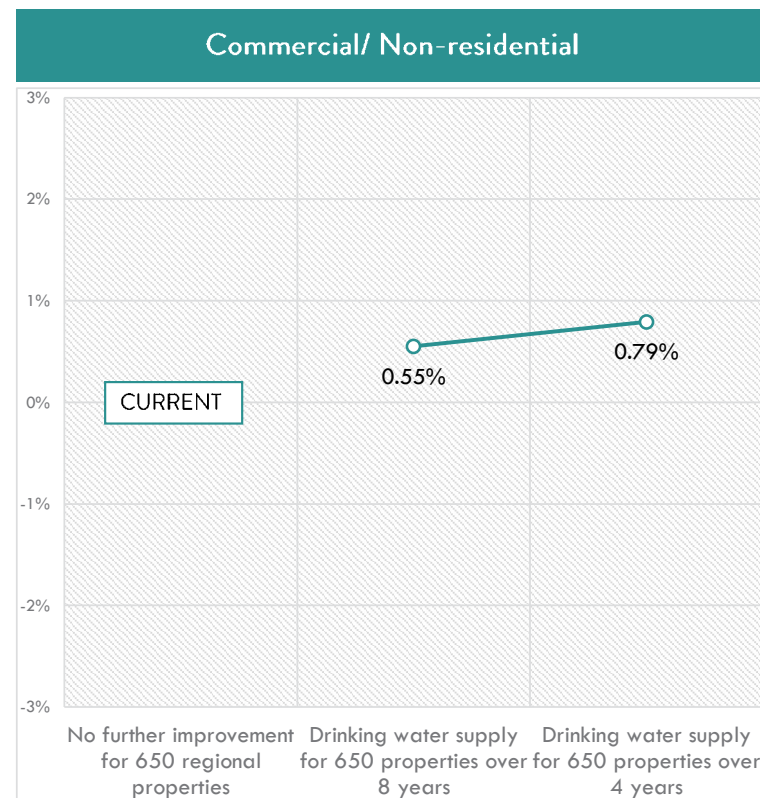
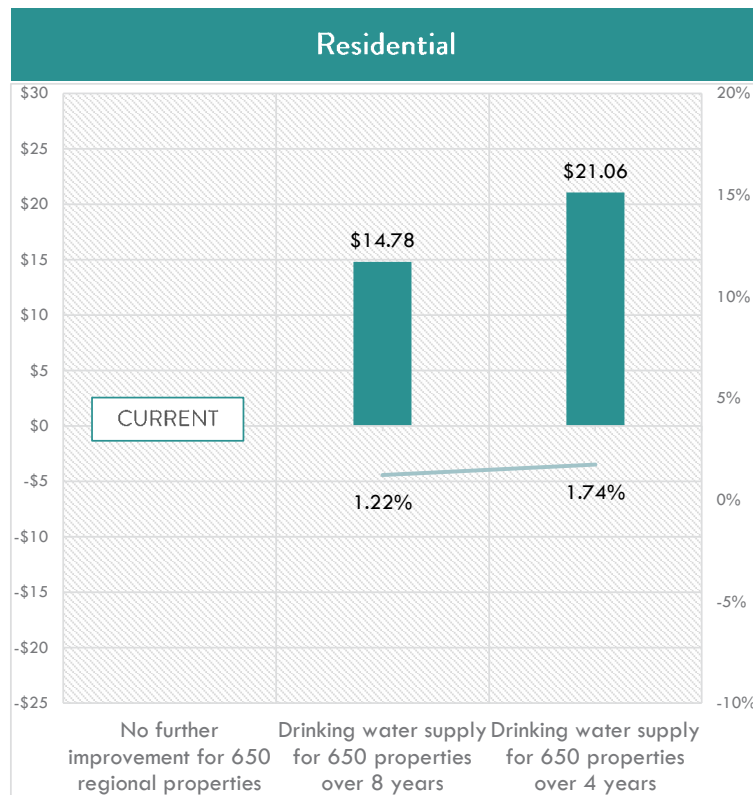


This is the current service level

These are two enhanced service levels

Willingness to pay:

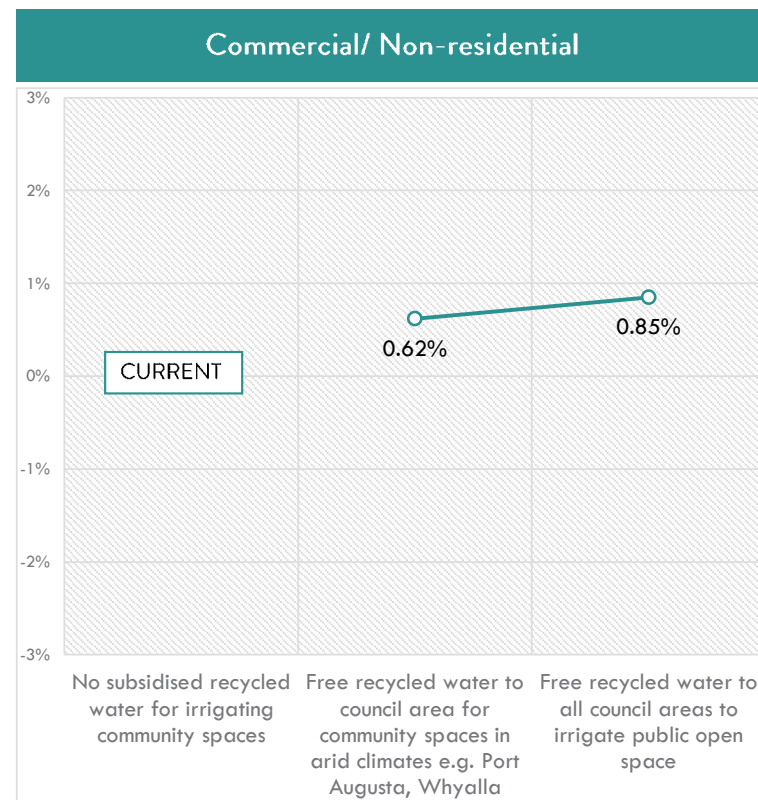
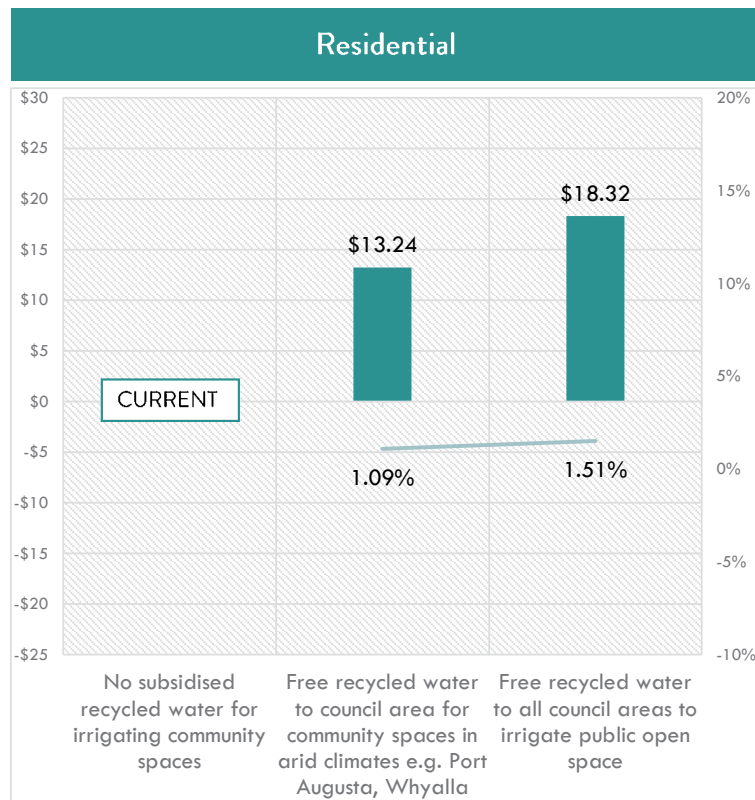
Upgrade water supply for 650 regional properties from non-drinking water to drinking water



Residential customers are willing to pay 1.74% per bill to help regional customers.

There is a significant increase in willingness to pay when comparing 8 years and 4 years.

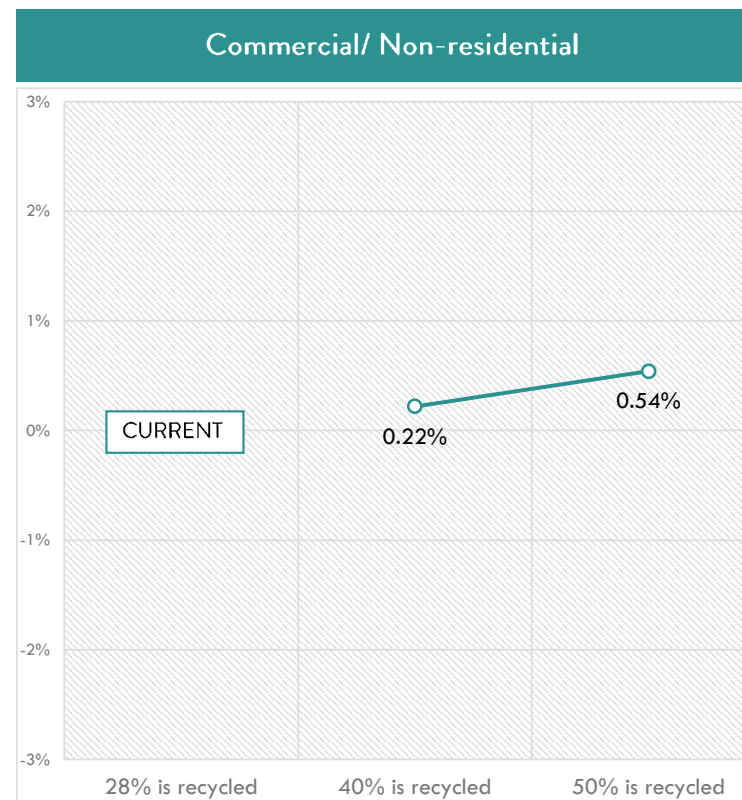
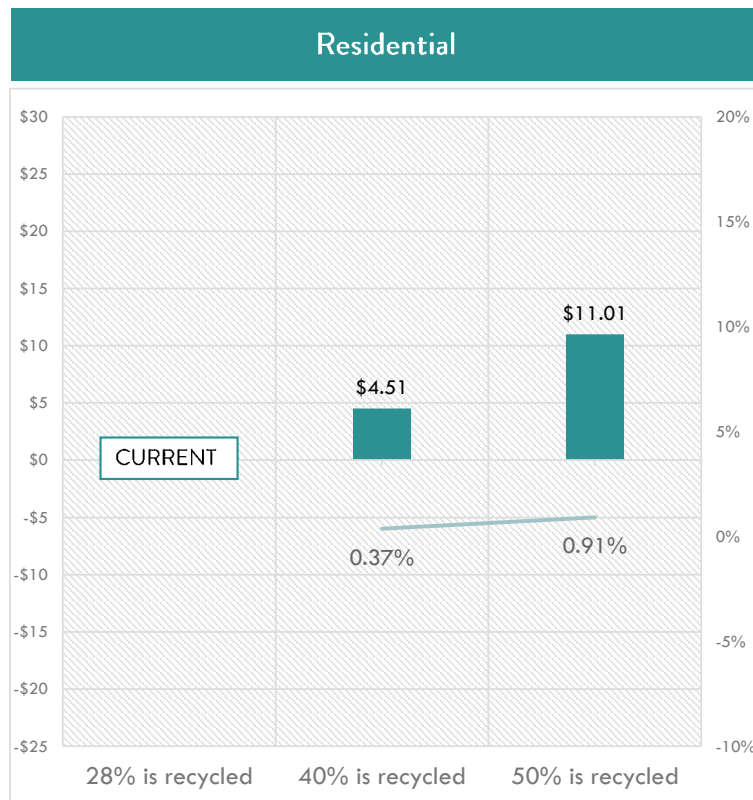
Willingness to pay: Recycled water for community spaces



Residential customers will pay \$18 per bill for free recycled water into all council areas. \$13 just for arid areas. The commercial %'s are lower (though the absolute \$ will be bigger).

Willingness to pay:

Amount of used water recycled into reusable water

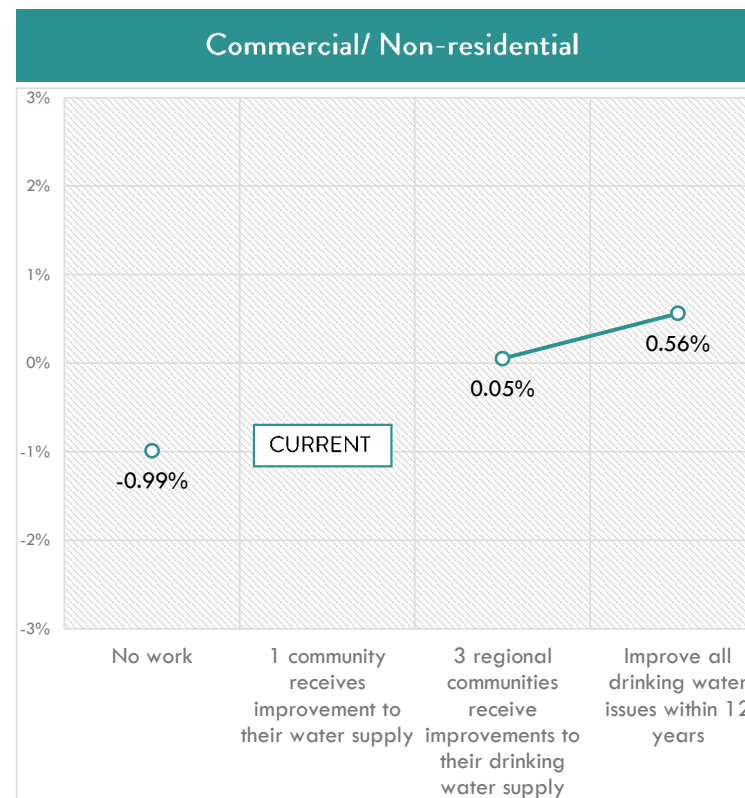
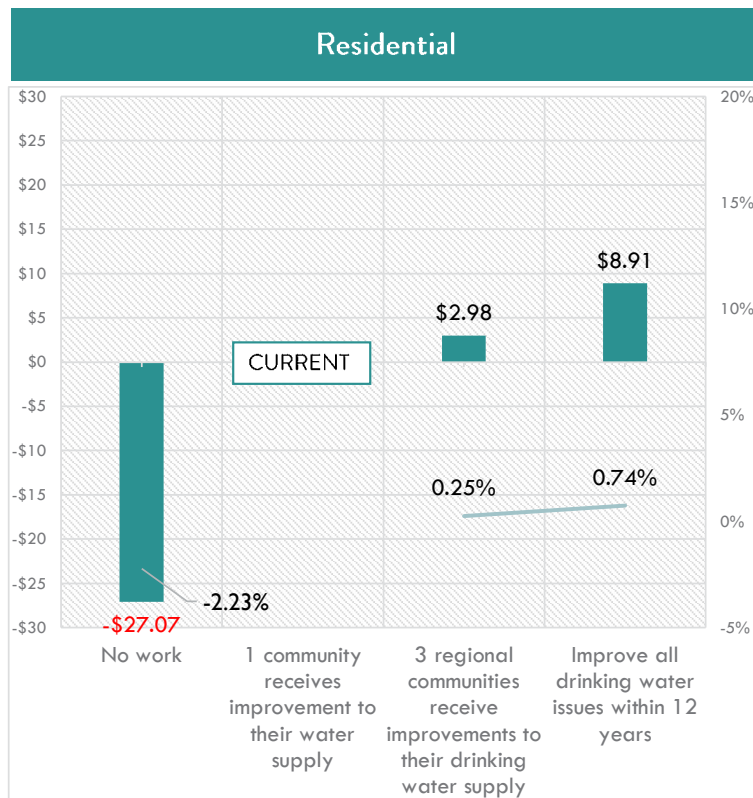


Recycling is a resonant issue, with a relatively high willingness to pay.

Residential customers will pay \$11 per bill to have 50% of used water recycled into reusable water.

Willingness to pay:

High quality drinking water for regional areas with poorer quality

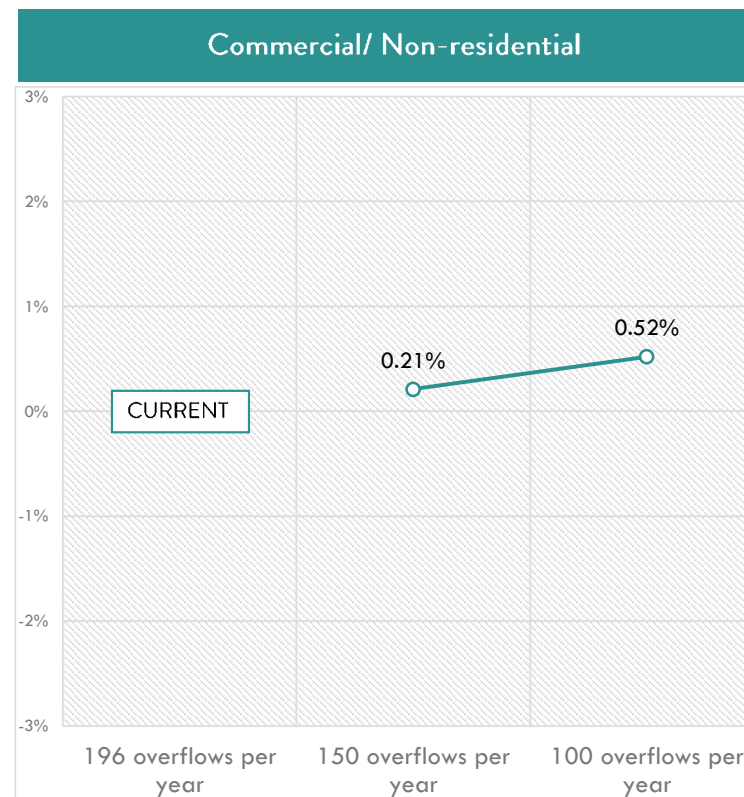
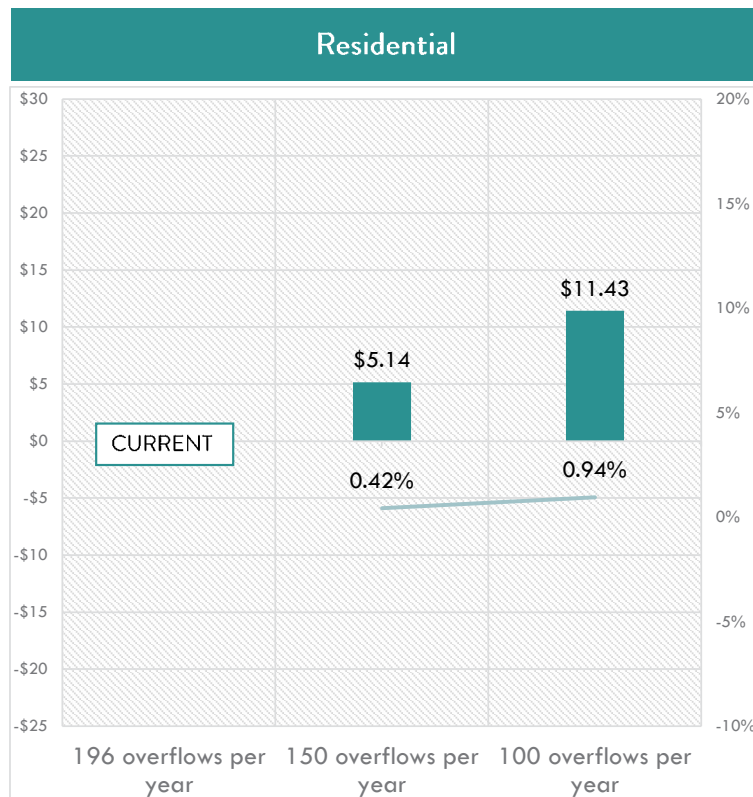


Willingness to pay increases significantly at the highest service level – improve all regional areas drinking water quality.

Stopping the current work would see residential customers expecting a \$27 reduction in their bill.

Willingness to pay:

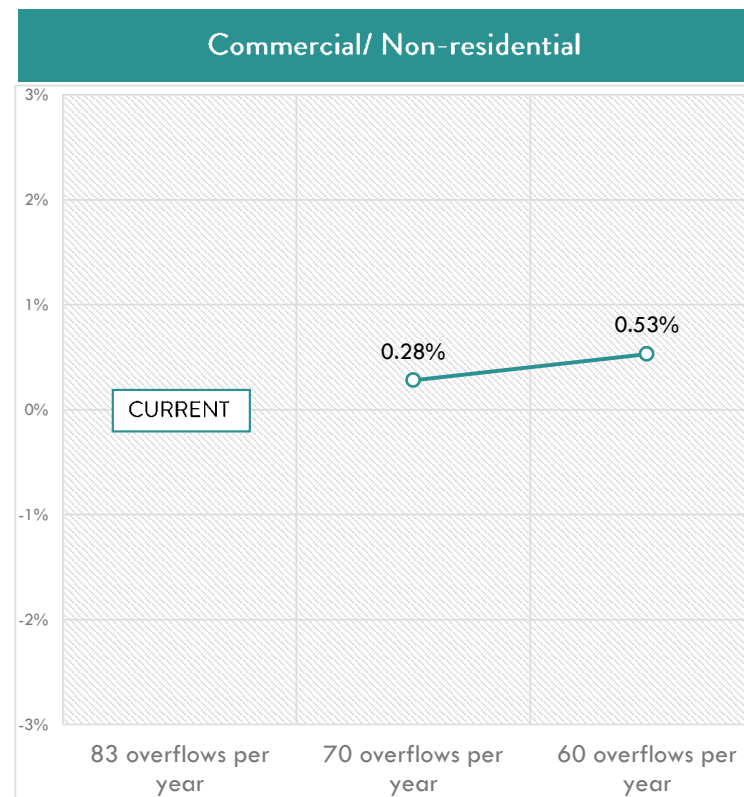
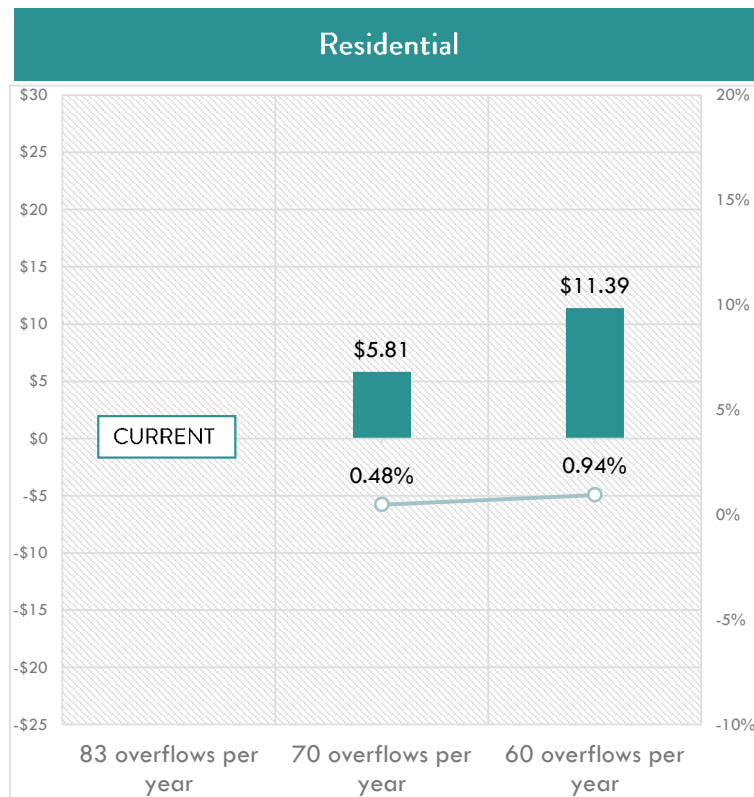
Total number of internal sewage overflows in a year (for customers with a sewerage service)



Again we see residential customers willing to pay a higher % of their bill compared to commercial / non-residential customers.

Willingness to pay:

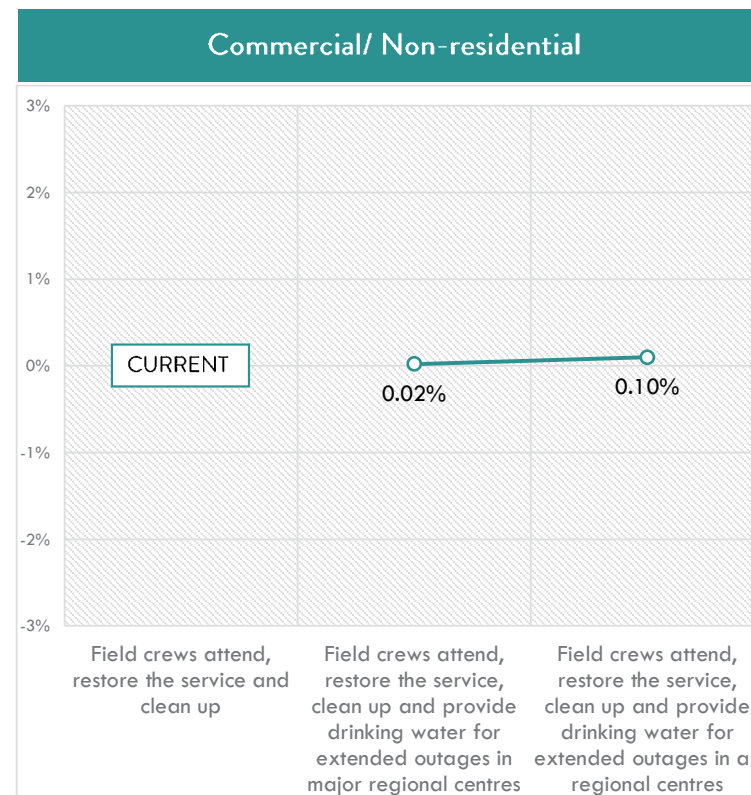
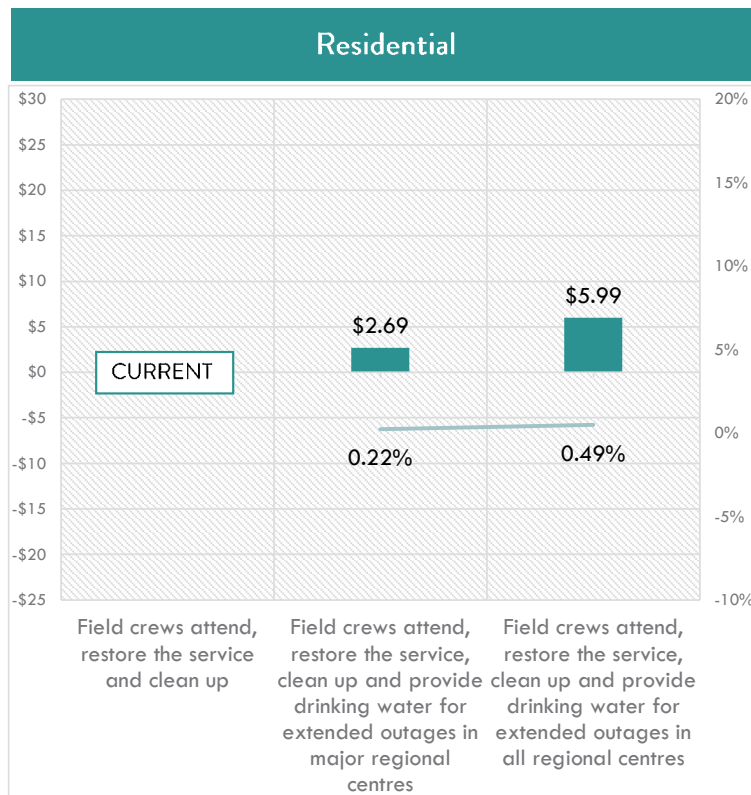
Number of sewer overflows to the environment per year



Residential customers will pay almost \$6 per bill for a reduction of 13 overflows.

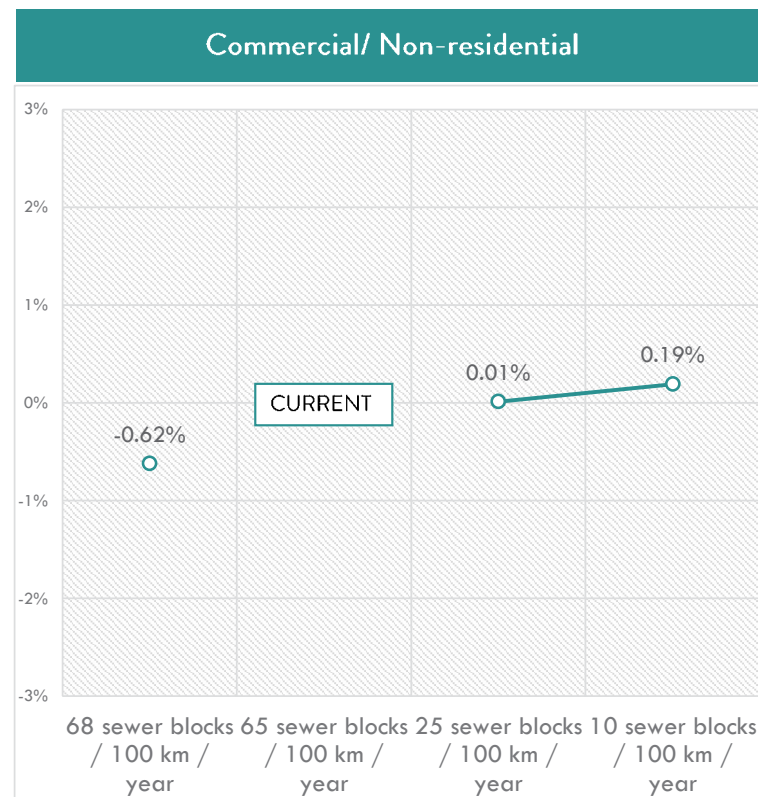
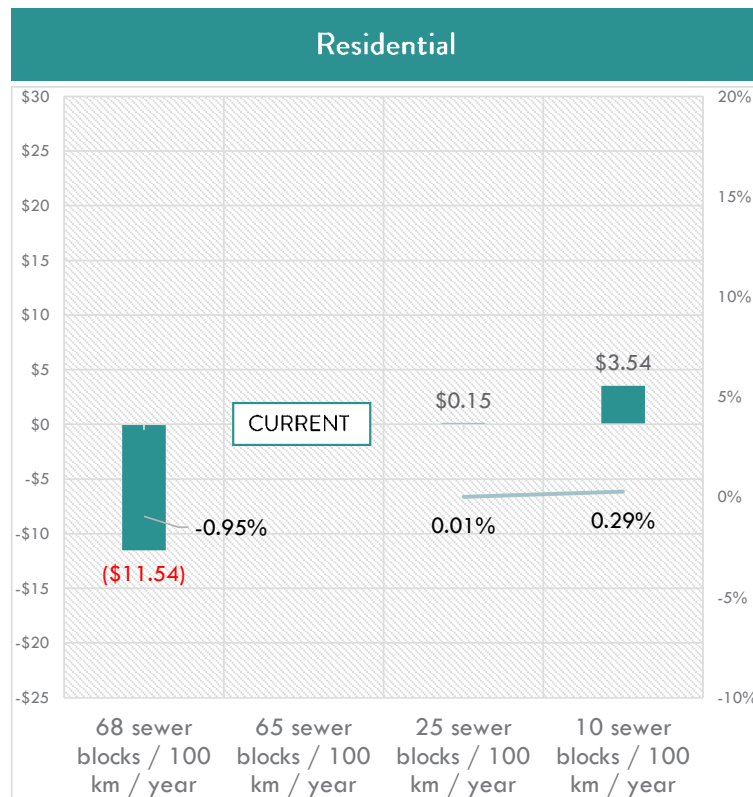
Willingness to pay:

A support team for regional SA for major incidents, for example water main breaks or sewage overflows



Commercial/ non-residential customers do not want to pay much for this change.

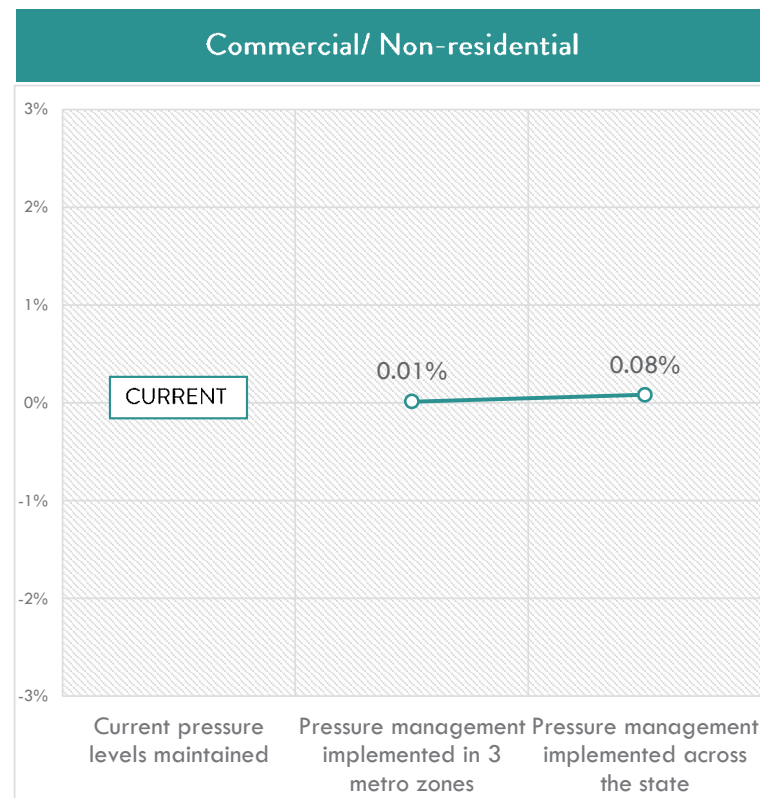
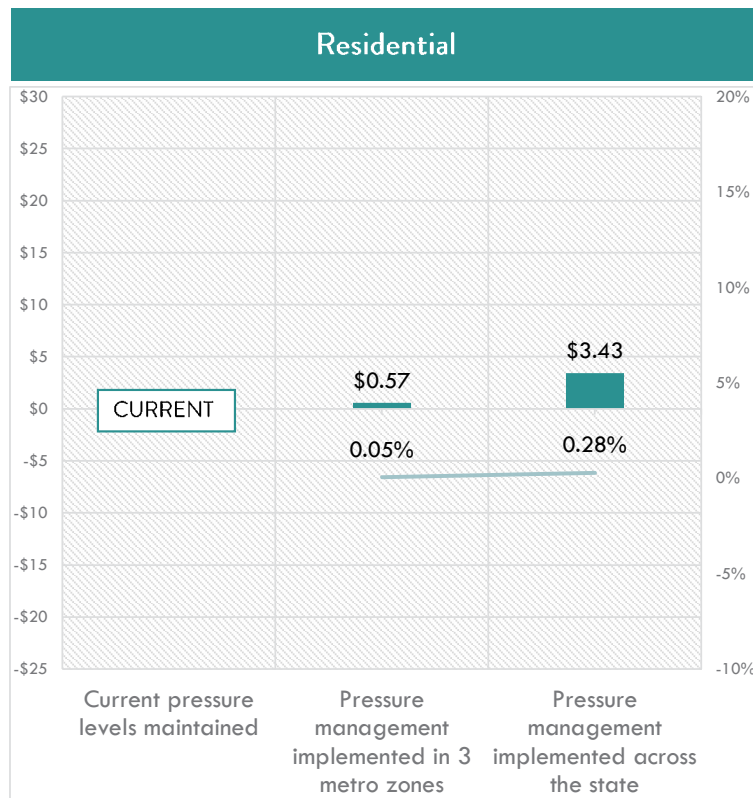
Willingness to pay: Number of sewer blocks per year



Lower levels of willingness to pay for a reduction in the number of sewer blocks.

Willingness to pay:

Water pressure to reduce water main breaks

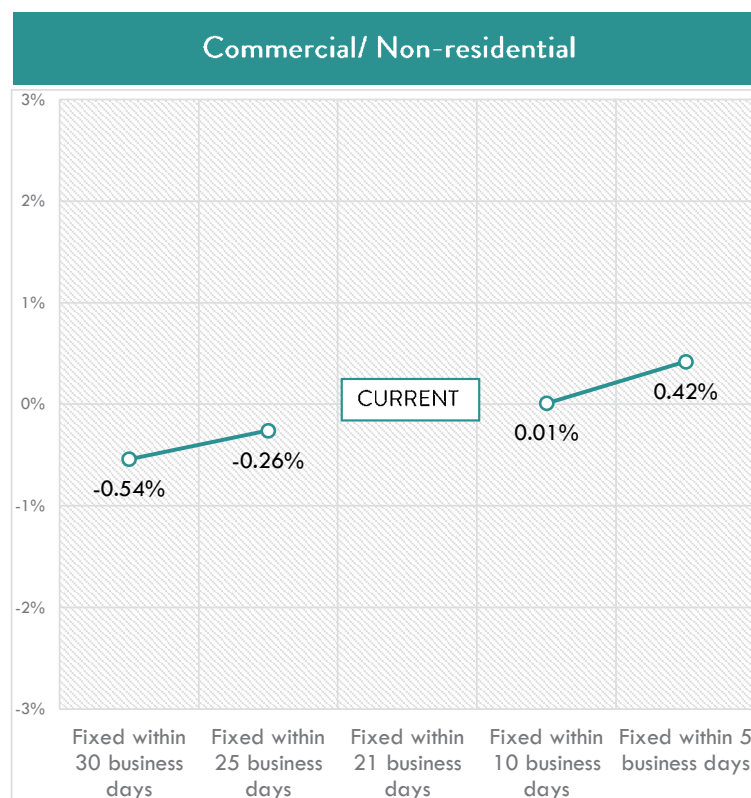
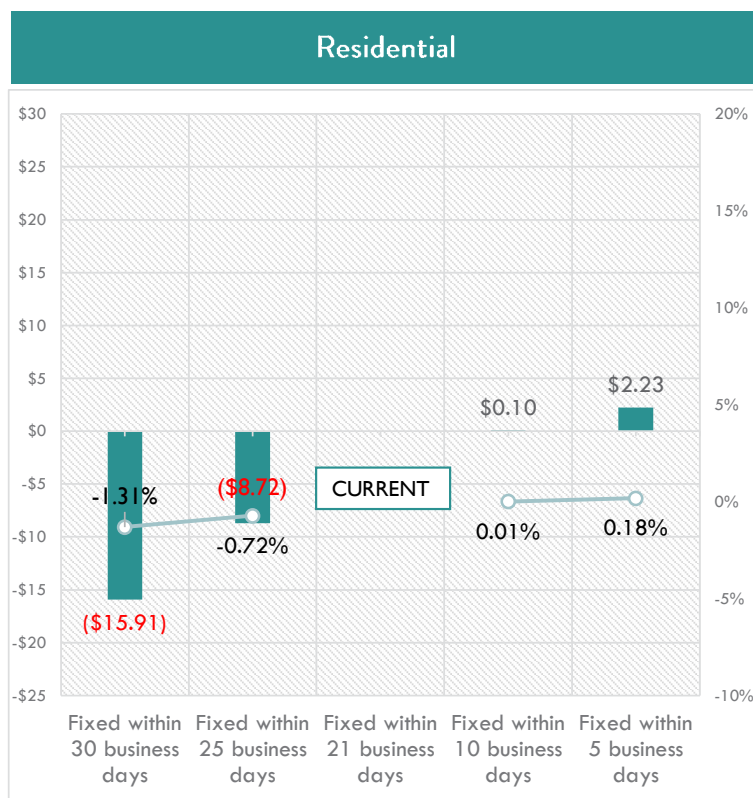


Willingness to pay for implementation in 3 metro zones is low, there is more resonance when it is state-wide.

It should be noted that this service element applies principally to residential customers.

Willingness to pay:

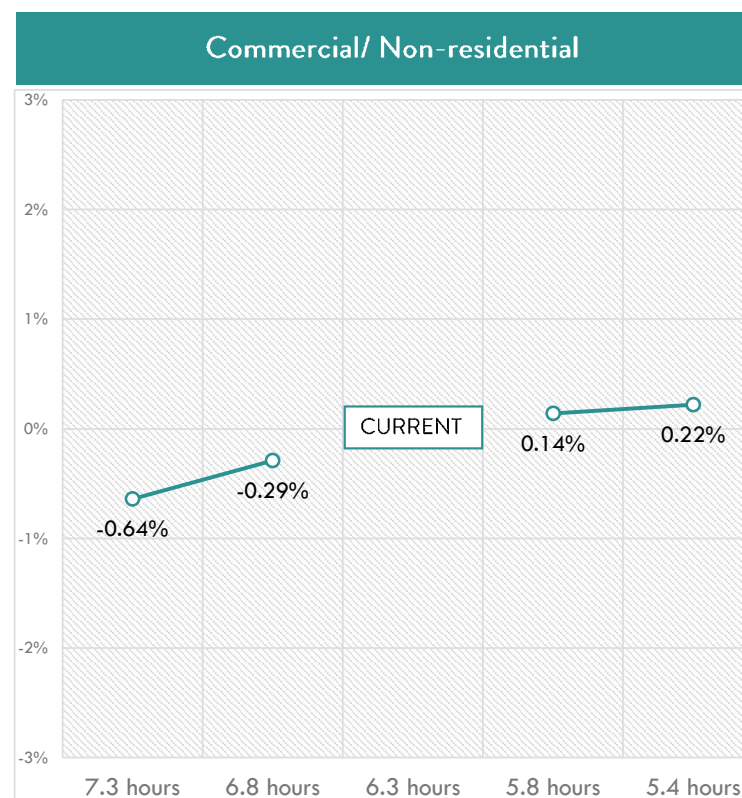
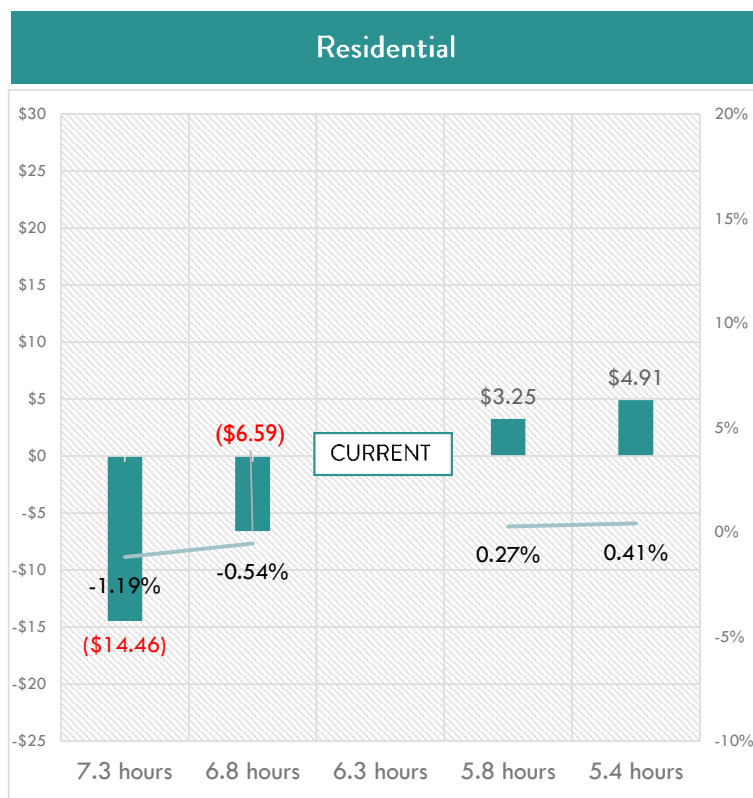
Time to fix minor issues such as leaking water meters



This is something that commercial customers see value in, with willingness to pay higher than amongst residential customers.

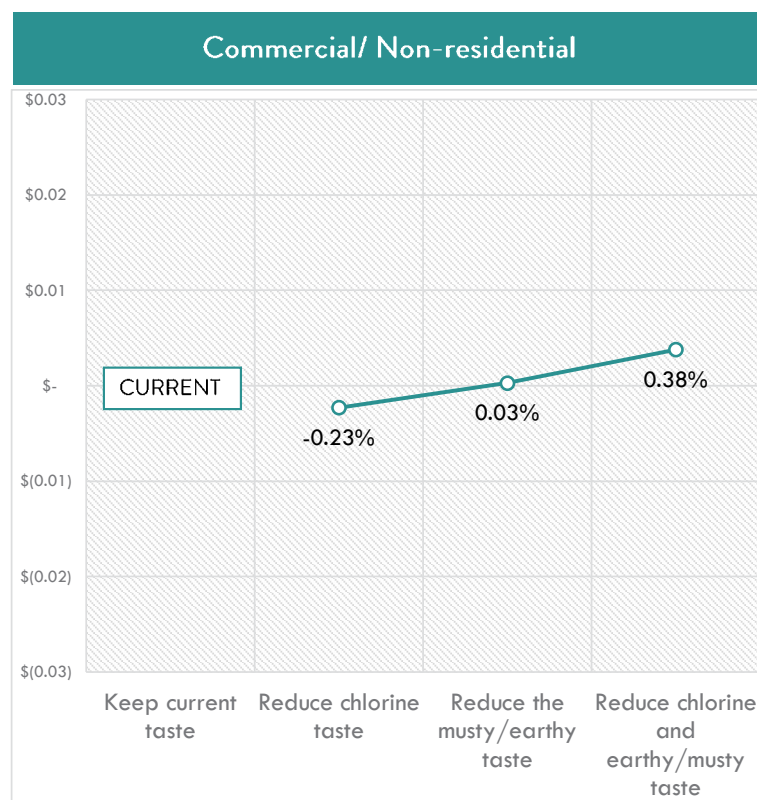
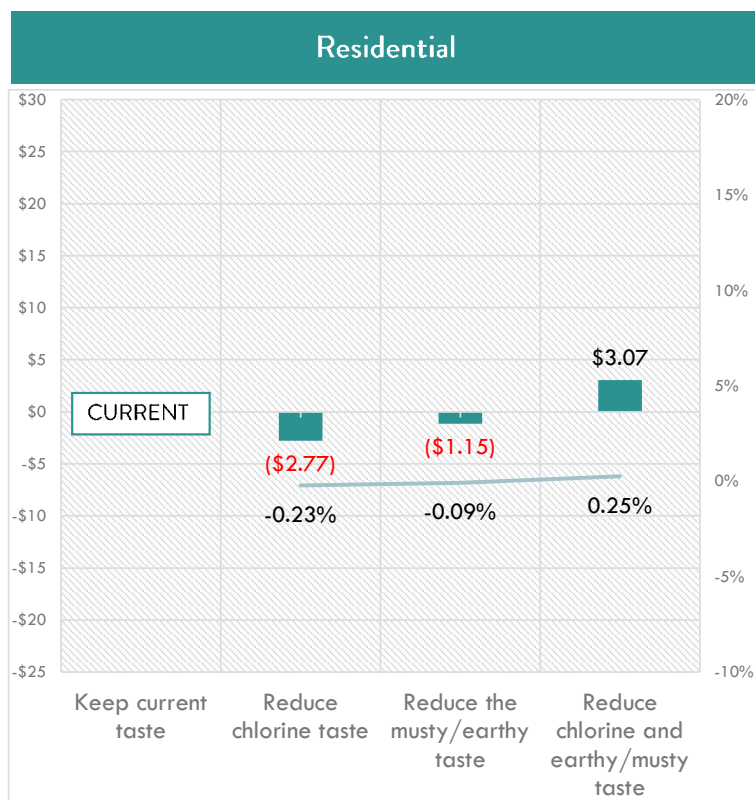
Willingness to pay:

Time taken to restore an interrupted sewerage service



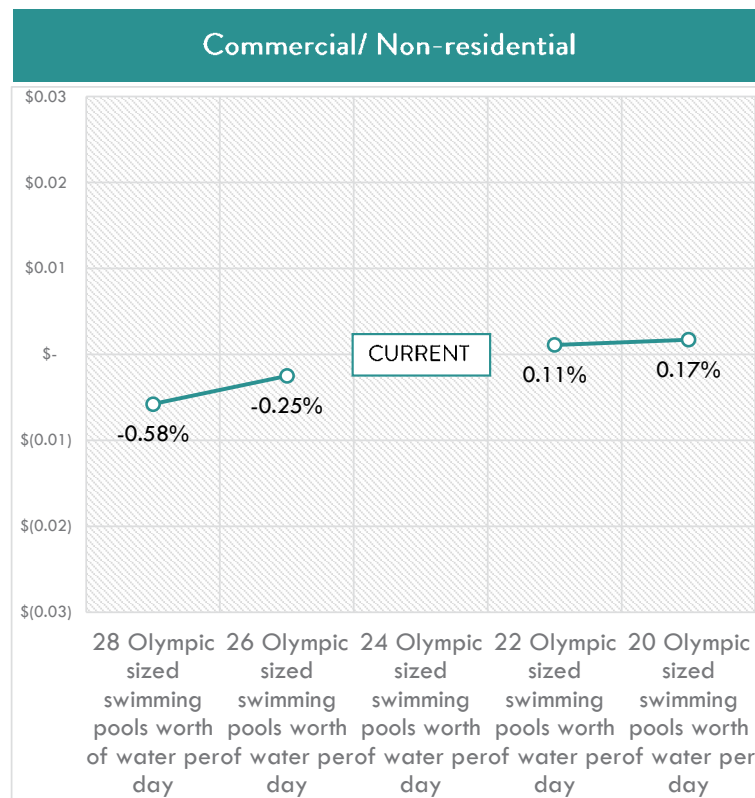
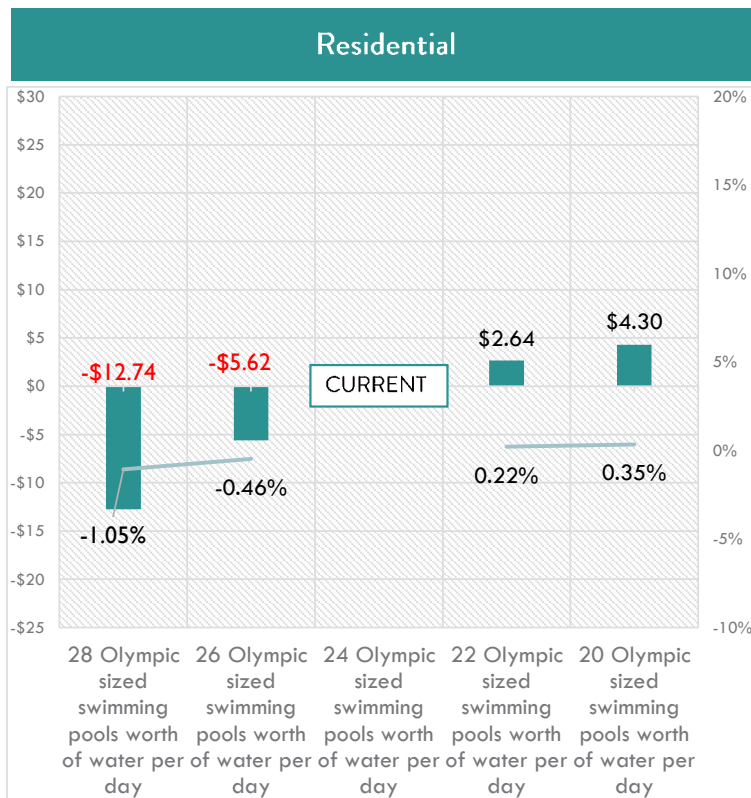
Residential customers will pay almost \$5 for an hour reduction in restoration time.

Willingness to pay: Taste of Adelaide metro water



Customers are only willing to pay for taste improvements when taste and chlorine are both improved.

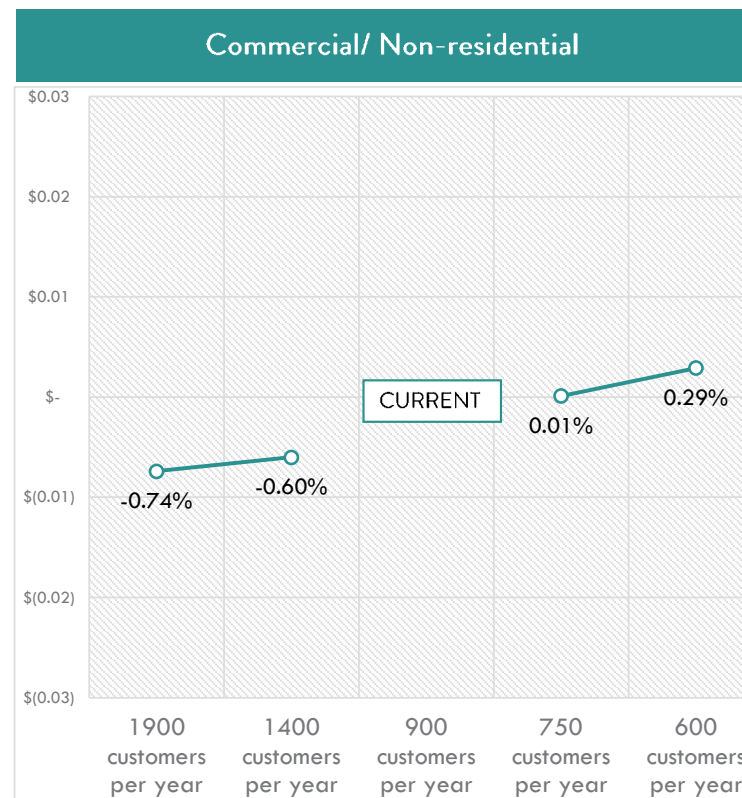
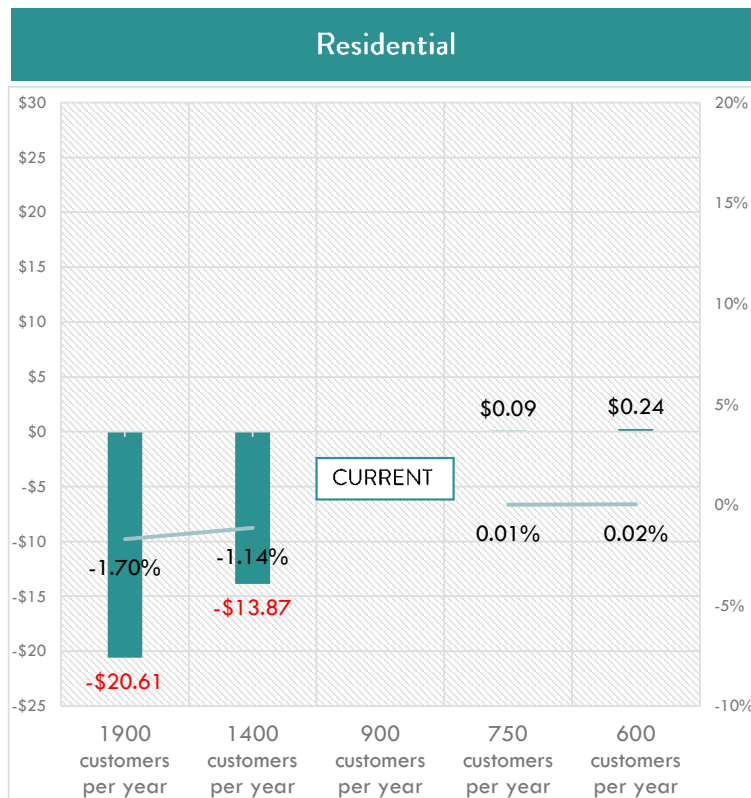
Willingness to pay: Leakage from underground pipes



Residential customers are willing to pay \$4.30 for the biggest improvement in service.

Willingness to pay:

Number of customers experiencing 3 or more unplanned water interruptions per year

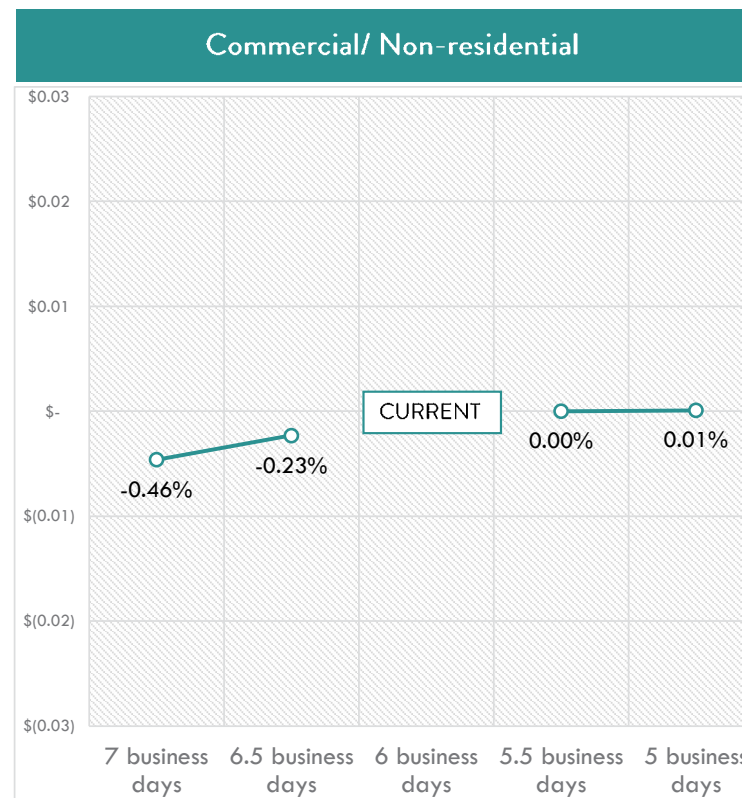
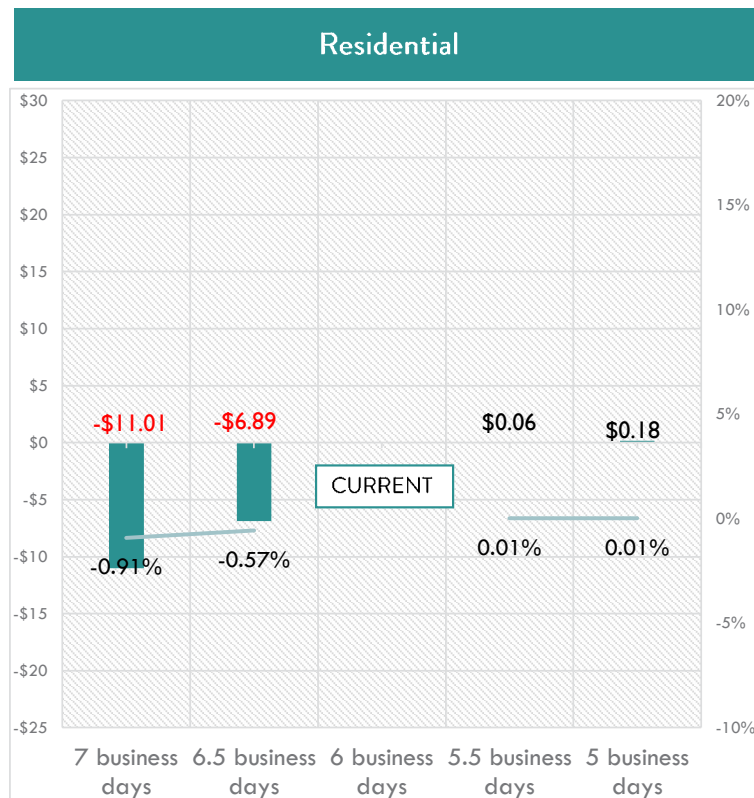


The change from 900 to 600 is not one that customers are willing to pay a significant amount for. Though commercial customers will pay more than residential customers.

If the number of interruptions were to double, customers would expect a significant saving.

Willingness to pay:

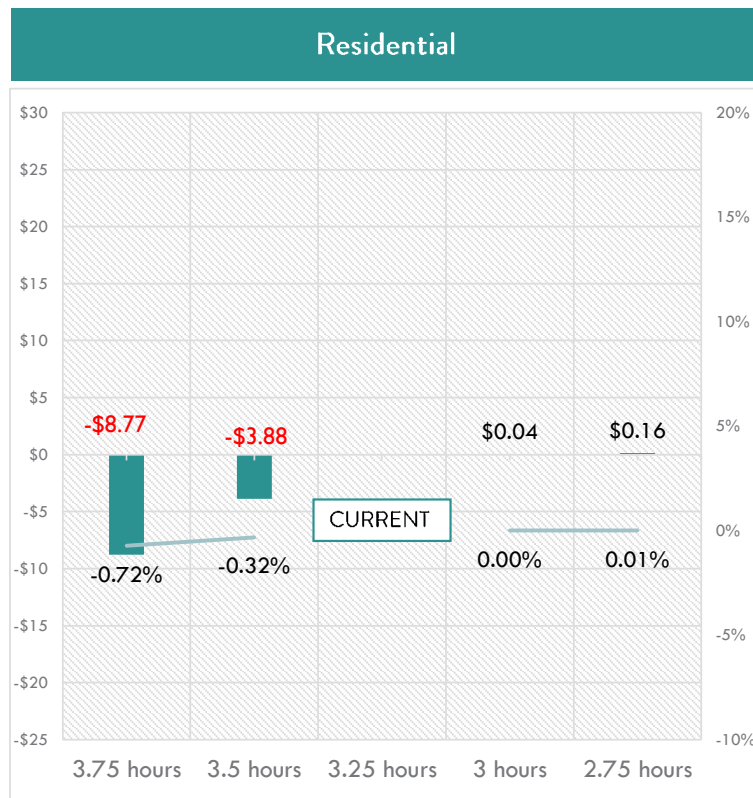
Time taken to fix a leaking water main which has not interrupted supply to customers



There is low willingness to pay for decreasing time taken to fix a leak by 0.5-1 day.

Residential customers expect a saving of up to \$11 for a greater wait time.

Willingness to pay: Time to restore water outages



Low levels of willingness to pay for a 30 minute improvement.

Summary

Willingness to pay varies across different service attributes	There is significant variance in willingness to pay across the different service attributes. The highest amount that residential customers are willing to pay is \$21.06 per bill to improve drinking water supply for 650 regional properties. The lowest is \$0.04 for a 0.25 hour improvement in time to restore water outages.
Customers expect significant rebates for reduced service levels	Residential customers would expect a bill reduction of \$27.07 if SA Water stopped its working improving the quality of drinking water in regional areas. They would expect a bill reduction of \$15.91 if the time to repair minor issues such as leaking water meters went from its current level of being fixed within 21 days to 30 days.
Percentage wise, residential customers are prepared to pay more	For almost all service elements, residential customers are willing to pay a higher amount (relatively, as a % of their bill).
Providing drinking water to regional properties has the highest level of willingness to pay	Residential customers will pay \$21 per bill to provide regional properties with drinking water over 4 years (\$14.78 if the work took 8 years).
Next comes recycled water for community spaces	Going from 0 to free recycled water for all council areas to irrigate open spaces see residential customers willing to pay \$18 per bill.
Commercial/non-residential customers show some differences	Commercial/ non-residential customers are willing to pay a higher % of their bill for improvements in time to fix minor issues and the number of customers that experience 3 or more water interruptions per year.
High bill stress segments are still willing to pay but not as much	The high bill stress segments want to pay less, but also receive less back for reductions. However, the hierarchy of willingness to pay across the different service levels is almost identical – i.e. what they are most willing to pay for is the same as lower bill stress customers.

Attachment E – Customer Working Group recommendations

- 1 The Customer Working Group reinforce the customers' priority theme for keeping prices low and stable. The Customer Working Group asks SA Water to focus on this when delivering a successful Our Plan 2020-24.
- 2 The Customer Working Group have asked SA Water to investigate further the service level around 650 properties receiving quality drinking water. They are concerned that customers weren't given enough information to make an educated choice on this particular service as part of the *'What matters to you?'* survey. This would include answering the questions - what percentage of customers the 650 properties are in relevance to bill impact per customer (especially with regards to impact on all customers' bills), what are the alternative options to new infrastructure, what is the environmental impact of building new infrastructure (vs providing water by other means) and the need for further community engagement with the owners of the 650 properties to gain their feedback on whether they want it or not?
- 3 The group, while they agreed it was fair and equitable for all in South Australia to have clean and potable drinking water, showed concern about whether it was fair and equitable that all customers pay for this to happen when only a small percentage benefit. Without knowledge of costs, it was hard to see the true impact on customers vs benefit.
- 4 The Customer Working Group asked that SA Water consider different methods of data collection with regards to 'willingness to pay' of customers and priorities for services in future. They felt the survey was too long, didn't give customers enough information to help them answer complex questions and make educated choices. As a group, they would have liked to have been involved in its development a lot earlier in the process, even at procurement. Concern was shown that the data collected was driving SA Water's priorities and asked if it actually achieved the outcomes SA Water wanted.
- 5 The Customer Working Group has shown support for the reliability service standard set proposed by SA Water. The group had a split opinion on sewer service standards and recommends further investigation. The group didn't reach consensus either way on the remaining four, so it's deemed the group had no final opinion on these service standard sets and are happy for SA Water to proceed with the decision about what would benefit them and customers most in these areas, yet should refer to comments made in the workshop by Group members for ideas.

Attachment F — five initiatives included in the *Would you invest in this?* survey

- 1 Improve drinking water quality for the Adelaide metropolitan area:** to improve the quality of Adelaide's drinking water, we can reduce the chlorine taste that comes from disinfecting the water. This investment will cost \$124 million from 2020.
- 2 Safe, clean drinking water for all SA Water customers:** from 2020, we want to upgrade the water supply to up to 340 properties across South Australia to provide them with safe, clean drinking water. These properties already receive water from us, but it is not safe to drink. This investment would cost \$37 million from 2020.
- 3 Increase the amount of recycled water used:** our customers care about increasing the amount of used water that is recycled and so do we. We want to increase the capacity of the Glenelg to Adelaide Pipeline and supply an additional 300 megalitres of recycled water to customers each year. This investment would cost \$11 million from 2020.
- 4 Improve the taste, smell and colour of drinking water in regional South Australian communities:** some water supplies in regional areas can be clean and safe to drink yet the taste can vary and sometimes it does not taste good, for example too salty. We want to improve the hardness and taste in Melrose, Wilmington and Naracoorte. This investment would cost \$25 million from 2020.
- 5 Minimise environmental sewage overflows:** reducing the occurrence and impact of sewage overflows on the environment and community is important to us and our customers. To reduce sewage overflows to the environment to around 90 events a year will cost \$31 million from 2020.

MARSDEN JACOB ASSOCIATES

economics
public policy
markets
strategy



SA Water customer willingness to pay survey

A Marsden Jacob Summary Report

Prepared for SA Water
May 2019
Marsden Jacob Associates
ABN 66 663 324 657
ACN 072 233 204

economists@marsdenjacob.com.au

Contact:

Jeremy Cheesman | Marsden Jacob Associates | 0414 765 739 | jcheesman@marsdenhacob.com.au

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Summary

The evidence in this report demonstrates that SA Water customers are willing to pay for SA Water to deliver higher liveability and environmental service standards over the next price period. Results indicate most SA Water customers want SA Water to do more to improve liveability and environmental aspects of the services it provides.

Every four years SA Water needs to submit a business plan to the regulator, the Essential Services Commission of South Australia (ESCOSA). SA Water calls its current regulatory business plan, Our Plan 2020-24.

As part of Our Plan 2020-24, SA Water is looking to understand if customers are willing to pay for investments in liveability and environmental services that will achieve standards higher than those mandated. To allow SA Water to make these expenditures, ESCOSA will require clear evidence that SA Water customers are willing to pay for these investments.

This report presents the results of a SA Water customer willingness to pay assessment of five investment proposals. SA Water developed the five investment proposals we surveyed customers about through the comprehensive customer engagement approach that SA Water is delivering as part of Our Plan 2020-24. The current survey builds on evidence from earlier consultation and survey work done by SA Water to understand customer preferences for liveability and environmental services that SA Water can provide.

The results presented in this Marsden Jacob report advance clear evidence around how much current SA Water residential customers are willing to pay for environmental and amenity services over the next pricing period. The evidence base also gives clear evidence on where SA Water customers want the investments to occur, where this is possible.

ESCOSA has provided clear guidance on the areas it will look at when evaluating evidence of customer willingness and capacity to pay. We discuss this guidance in this report.

Our survey and the results in this report allow SA Water to clearly demonstrate how we have met or exceeded ESCOSA's evidence requirements guidance. In this report we show (1) the robustness of the engagement method used (2) the methodology used for the survey (3) which customers have the capacity and willingness to pay, and how we allowed customers to adjust their willingness to pay based on a full understanding of the impacts of their decisions on future water bills (4) that customers are only willing to pay if SA Water delivers the services (5) how potential sources of survey response bias were identified and addressed through the survey and data analyses.

Headline results are that:

- **The majority of SA Water residential customers are willing to pay extra in SA Water bills commencing 2020** in return for (1) additional regional water quality investments for non-drinking water systems (2) drinking water quality and aesthetics for the Adelaide Metropolitan area (3) Improving regional water quality aesthetics (4) reducing sewer overflows to the environment in Adelaide and (5) providing additional recycled water supply for Adelaide customers.
- **There are clear differences in willingness and ability to pay.** Regional customers are much less willing to pay for proposed SA Water investments in Adelaide than metro customers. Households with bill stress, lower incomes, disability and disability worker customers also often have different willingness to pay for the proposed SA Water investments. Based on the customers surveyed, there are no material differences in willingness to pay between residential and commercial customers, or by customers recruited from the My SA Water panel versus responding from other sources.
- **Most customers prefer for SA Water to determine where the additional investments** funded by the extra payment should occur, when this investment can shift location.
- **There is a clear role for awareness campaigns for SA Water customers**, so that households are aware of the benefits that these investments generate for residents of the South Australia, and to understand SA Water's operations and obligations.

We unpack these headline findings in this report.

Figure 1: Customer willingness to pay (WTP) for increasing service levels for environmental and liveability services delivered by SA Water during 2020-24: all customers excluding protest non-consequential responses.

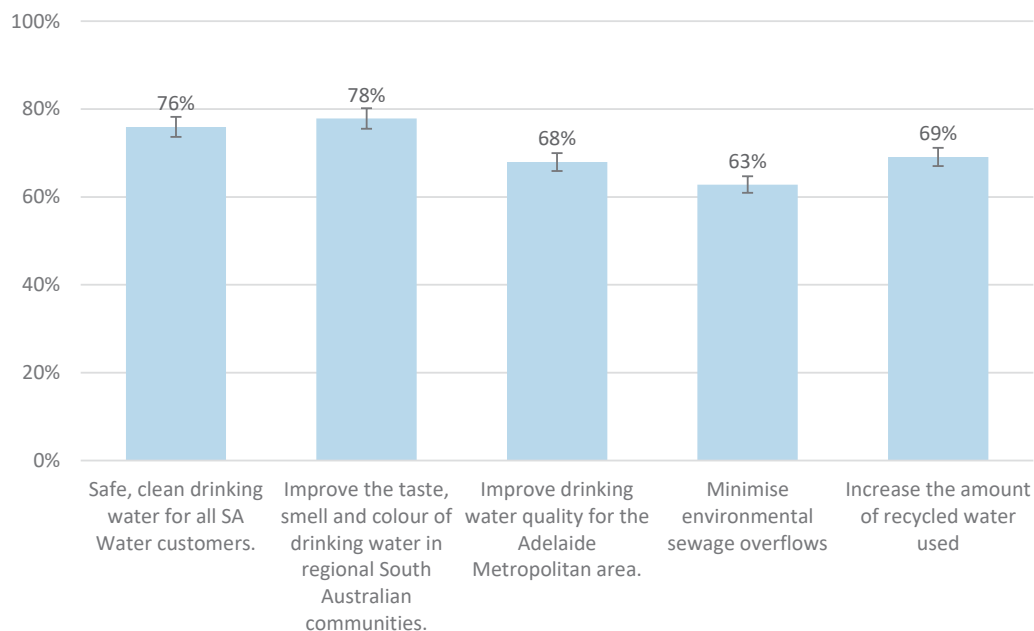


Figure 2: Customer willingness to pay (WTP) for increasing service levels for environmental and liveability services delivered by SA Water during 2020-24: residential (dark blue) and commercial and other (light blue) customers

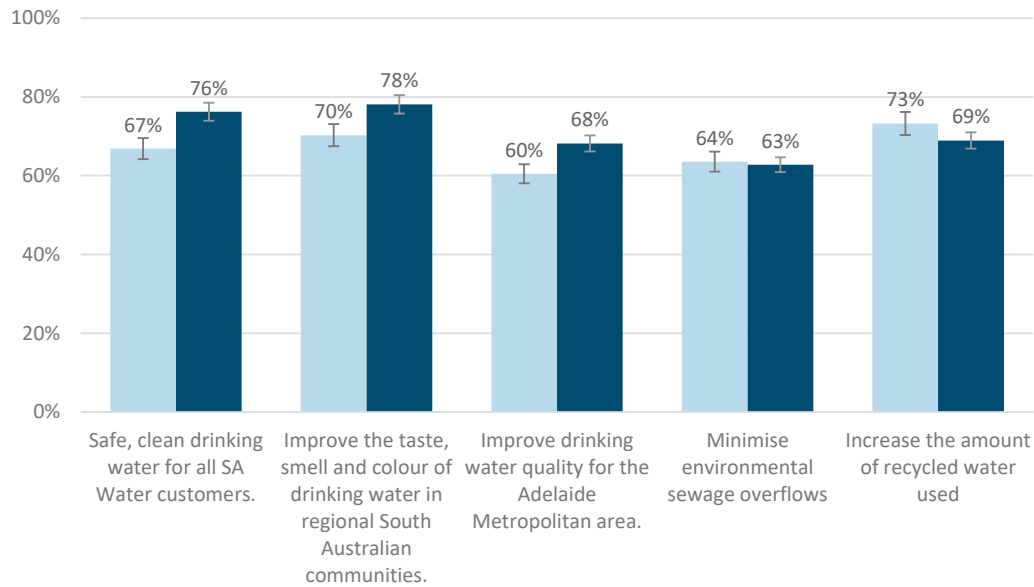


Figure 3: Customer willingness to pay (WTP) for increasing service levels for environmental and liveability services delivered by SA Water during 2020-24: high (dark blue) and low (light blue) bill stress

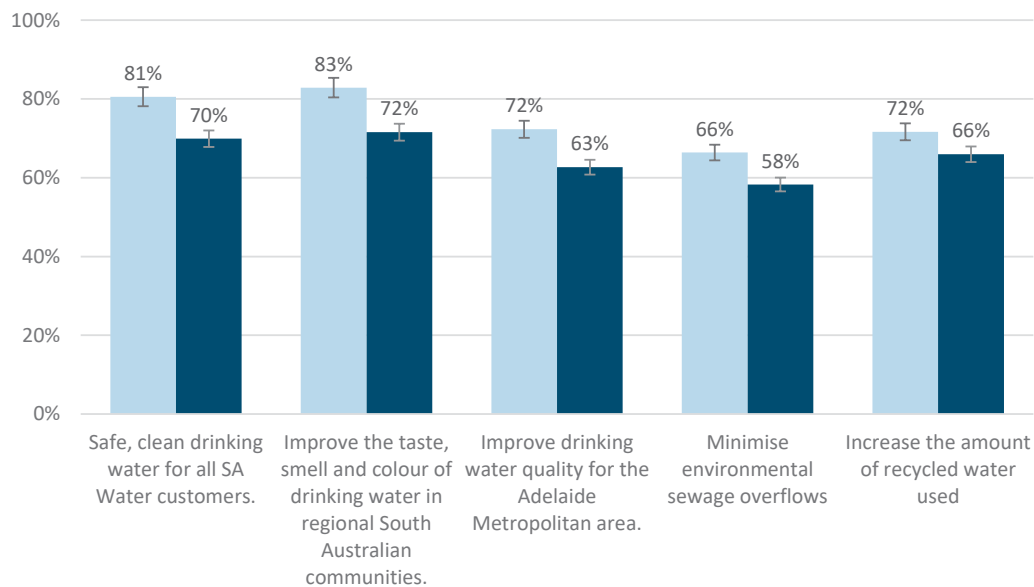


Figure 4: Customer willingness to pay (WTP) for increasing service levels for environmental and liveability services delivered by SA Water during 2020-24: regional (dark blue) and metropolitan (light blue) customers

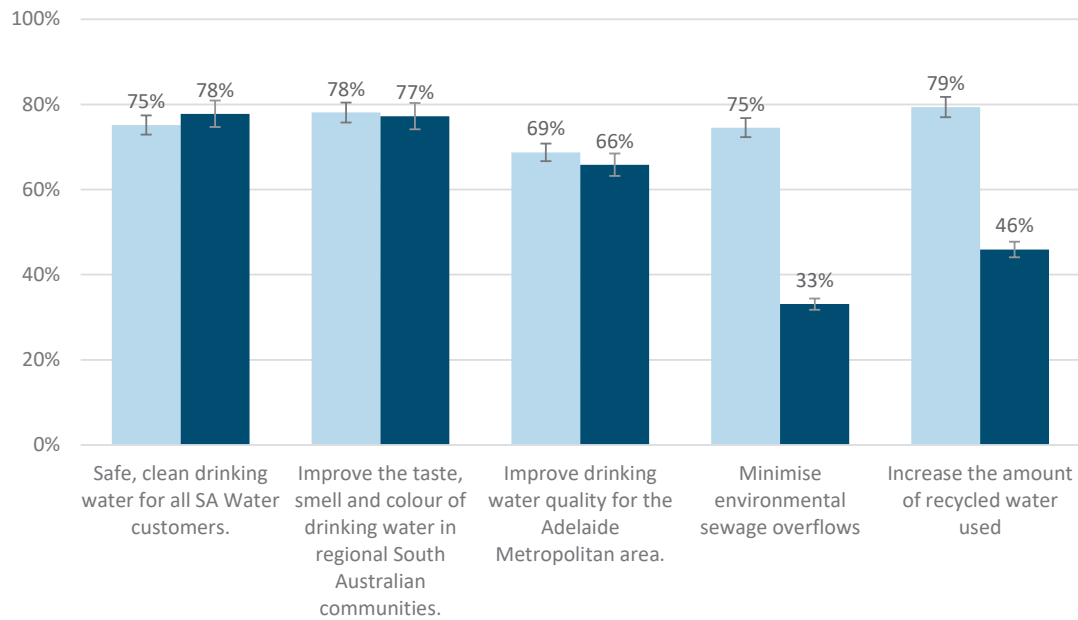


Figure 5: Customer willingness to pay (WTP) for increasing service levels for environmental and liveability services delivered by SA Water during 2020-24: customers identifying as having a disability or being a disability carer.

