Appendix 4.4 - Willingness to Pay survey

Dataset

The sample totalled 1,919 customers, and responses were collected through three channels: an online research panel, direct email, and through a broad-reaching community engagement and advertising campaign. Table provides survey response numbers per data collection method.

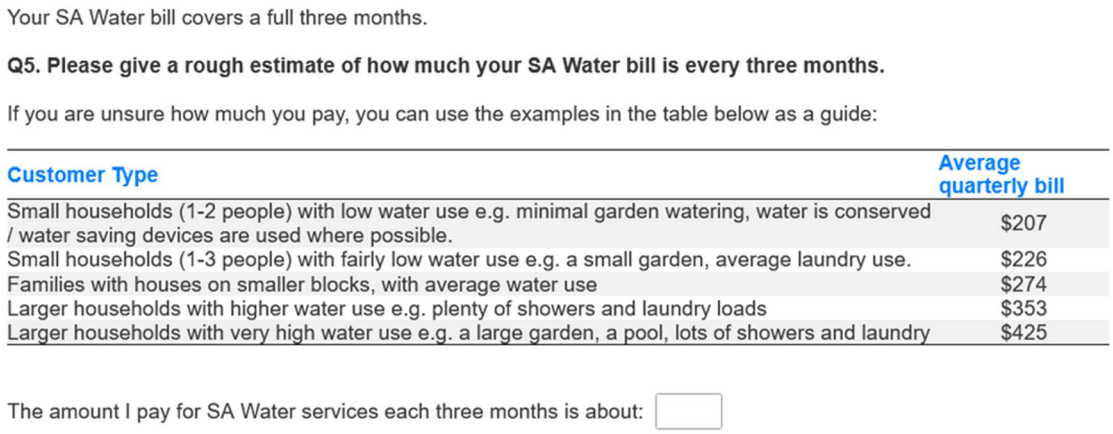
Table 4.4-1 Data collection and survey responses

Collection method	Number of responses
Online research panel	557
Direct email to SA Water customers	1,037
Broad community engagement and advertising campaign: Social media directing customers to Water Talks Invitation sent to Water Talks subscribers Print media and letterbox drop Face to face at SA Water offices or over the phone option Community engagement activities	325

Survey approach

Before undertaking the survey, respondents entered an estimate of their quarterly SA Water bill as per example shown in Figure 4.4-1 and this information was used together with the bill impact (cost to deliver the service) of each choice option to estimate the respondent's future SA Water bill shown in each choice question. Before undertaking the survey, respondents entered an estimate of their quarterly SA Water bill as per example shown in Figure 4.4-1, and this information was used together with the bill impact (cost to deliver the service) of each choice option to estimate the respondent's future SA Water bill shown in each choice question.

Figure 4.4-1 Estimating the quarterly SA Water bill



Your SA Water bill covers a full three months.

Q5. Please give a rough estimate of how much your SA Water bill is every three months.

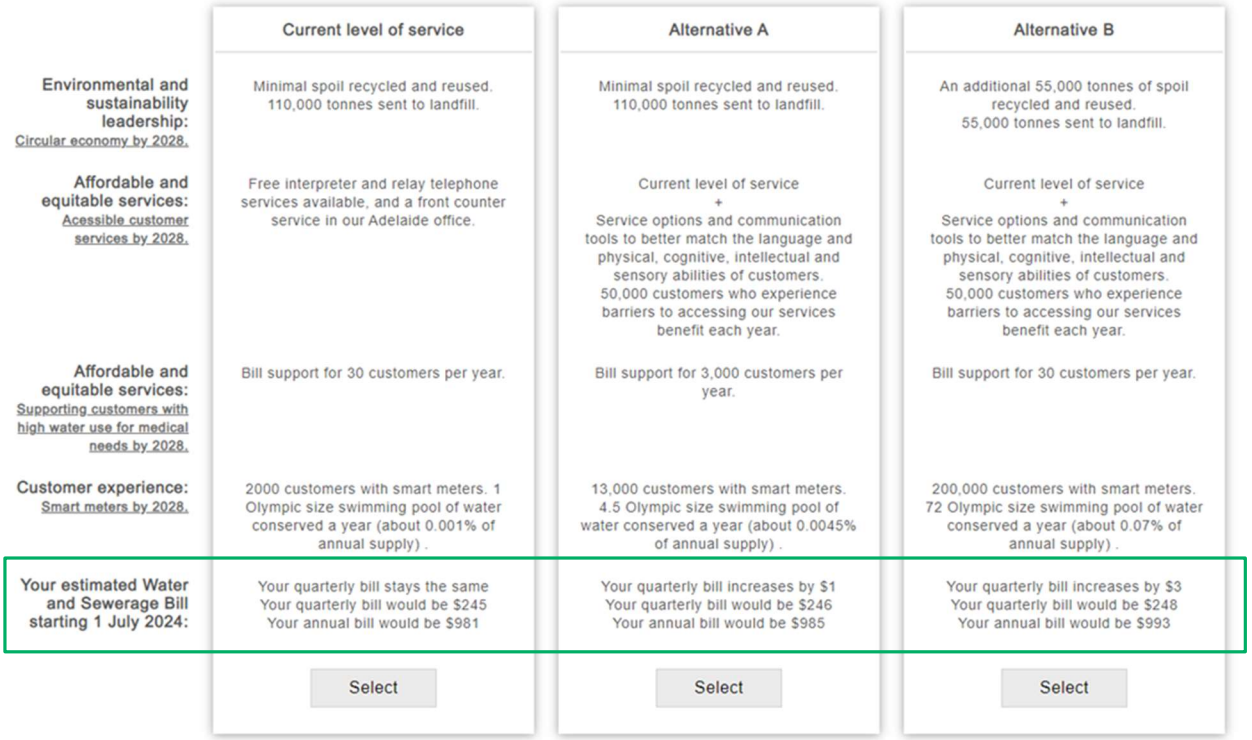
If you are unsure how much you pay, you can use the examples in the table below as a guide:

Customer Type	Average quarterly bill
Small households (1-2 people) with low water use e.g. minimal garden watering, water is conserved / water saving devices are used where possible.	$207
Small households (1-3 people) with fairly low water use e.g. a small garden, average laundry use.	$226
Families with houses on smaller blocks, with average water use	$274
Larger households with higher water use e.g. plenty of showers and laundry loads	$353
Larger households with very high water use e.g. a large garden, a pool, lots of showers and laundry	$425

The amount I pay for SA Water services each three months is about:

Respondents were presented with a choice question which included three service packages (current level of service, Alternative A and Alternative B) to choose from as shown in the example in Figure 4.4-2. These choice packages were assigned randomly. Respondents were asked to choose their most preferred service package from the alternatives shown.

Figure 4.4-2 Example of a choice question shown in the survey



Each alternative in the choice question included several attributes and attribute levels, and the corresponding impact of those services on the quarterly and annual SA Water bill.

The total SA Water bill shown to survey respondents was based on two components:

1. **The quarterly bill impact of each option shown in the choice task**. This is the amount that says "Your quarterly bill stays the same" in current level of service and "Your quarterly bill increases by $X" in Alternative A and B (boxed in green in Figure 4.4-2). This bill impact reflects the additional costs of SA Water providing the services customers were being asked about.
2. **Customer's 'base bill'.** Respondents' base bill was based on the estimate customers provided of their current quarterly SA Water bill.

In the Willingness to Pay (WTP) survey it was important that customers made their choices based on what they were willing to pay for in the context of the next regulatory period (commencing July 2024). The cost of providing water and sewerage services will likely increase in the next regulatory period due to inflation and other factors impacting the business. As such, a bill increase was applied to SA Water customers' bill estimates. At the time of the survey, the exact figure by which bills would increase was unknown. Therefore, an assumed bill increase range of 8% - 22% from 2024-25 was incorporated directly into the modelling for the survey and applied randomly to respondents.

Statistical analysis was performed on the choices respondents selected in the survey to obtain an estimation of the average value that customers were willing to pay for the proposed services. The upper and lower confidence intervals (CI) computed show the range of values between which there was 95% certainty of the true mean of the SA Water customer base. The confidence interval reflects the precision of the estimated mean WTP.

For example, using this approach SA Water can be 95% certain that the bill increase SA Water customers are willing pay on average per year to invest in planting 800 hectares of native forest plantings on SA Water land is between $16.55 and $20.99, with an average WTP of $18.77, which is significantly more than the actual bill impact (to meet the cost for SA Water to deliver this service) at $0.81.

Results from Willingness to Pay survey

Table 4.4-2 shows the results from the WTP survey for the **supported** discretionary investments. The results highlighted in blue are the maximum average amount customers were willing to pay, and the values highlighted in green are the estimated actual bill increase that customers would expect for SA Water to deliver the initiative. Investments that were not supported are not included here as there are no WTP/CI values. As seen in Figure 4.4-3, the maximum average amount that customers were willing to pay was higher than the actual investment required for all but one supported investment area (being wastewater overflows management).

Table 4.4-2 Full results of supported initiatives with customer willingness to pay study estimates

	Investment options	Mean WTP per year	Lower 95% CI	Upper 95% CI	Estimated bill impact
Delivering reliable water services					
Upgrading water quality in metropolitan Adelaide by 2028	350 customer water quality complaints each year. Water quality improves for 600,000 customers.	$6.20	$4.38	$8.01	$3.82
	175 customer water quality complaints each year. Water quality improves for 755,000 customers.	$7.92	$5.87	$9.96	$4.86
	100 customer water quality complaints each year. Water quality improves for 835,000 customers.	$7.38	$5.47	$9.29	$6.53
	70 customer water quality complaints each year. Water quality improves for 1,250,000 customers.	$10.42	$8.25	$12.58	$9.04
Upgrading regional non-drinking water supply by 2028	3 regional systems upgraded to provide 50 customers with drinking water.	$4.60	$2.95	$6.25	$1.41
	6 regional systems upgraded to provide 100 customers with drinking water.	$7.83	$6.05	$9.61	$1.60
	9 regional systems upgraded to provide 150 customers with drinking water.	$9.67	$7.95	$11.39	$2.51
Improving regional South Australian water quality by 2028	Quorn upgraded. Water quality improves for about 1,200 customers.	$5.38	$3.68	$7.08	$1.00
	Quorn and Naracoorte upgraded. Water quality improves for about 7,200 customers.	$7.85	$6.20	$9.50	$2.00
	Quorn, Naracoorte and Melrose upgraded. Water quality improves for about 7,600 customers.	$11.13	$9.33	$12.94	$3.67

	Investment options	Mean WTP per year	Lower 95% CI	Upper 95% CI	Estimated bill impact
Water leakage management by 2028	About 10,200 Olympic size swimming pools worth of water lost each year (about 10% of annual supply).	-$3.35	-$1.80	-$4.90	-$0.15
	About 8,400 Olympic size swimming pools worth of water lost each year (about 8% of annual supply).	$3.00	$1.59	$4.42	$1.20
Wastewater overflows management by 2028	About 260 overflows on customers' properties and 120 overflows into the environment each year.	$1.48	$0.13	$2.84	$5.73
Improving Customer experience					
Smart meters by 2028:	13,000 customers with smart meters. 4.5 Olympic size swimming pool of water conserved a year (about 0.0045% of annual supply).	$4.24	$2.63	$5.85	$1.27
	200,000 customers with smart meters. 72 Olympic size swimming pool of water conserved a year (about 0.07% of annual supply).	$10.14	$8.32	$11.96	$3.32
Providing equitable and affordable services					
Supporting customers with high water use for medical needs by 2028	Bill support for 1,500 customers per year.	$4.27	$2.79	$5.75	$0.94
	Bill support for 3,000 customers per year.	$5.77	$4.15	$7.39	$1.70
Accessible customer services by 2028	Support for 75,000 customers who experience barriers to accessing our services.	$3.38	$2.02	$4.74	$1.74
Environmental and sustainable leadership					
Carbon capture by 2028	200 hectares of native forest plantings on SA Water land. Carbon sequestration equal to taking around 1,100 cars off the road. Does not include conservation and recovery programs.	$10.46	$8.18	$12.73	$0.60
	400 hectares of native forest plantings on SA Water land. Carbon sequestration equal to taking around 2,500 cars off the road. Includes conservation and recovery programs.	$13.34	$11.34	$15.34	$0.69
	800 hectares of native forest plantings on SA	$18.77	$16.55	$20.99	$0.81

	Investment options	Mean WTP per year	Lower 95% CI	Upper 95% CI	Estimated bill impact
	Water land. Carbon sequestration equal to taking around 4,900 cars off the road.				
Circular economy by 2028	An additional 55,000 tonnes of spoil recycled and reused. 55,000 tonnes sent to landfill.	$6.93	$5.38	$8.47	$0.20
	An additional 110,000 tonnes of spoil recycled and reused. 0 tonnes sent to landfill.	$10.94	$9.11	$12.76	$0.40
Environmental flows by 2028	Current level of service + Environmental and cultural benefits at one reservoir site in the Flinders Ranges.	$3.03	$1.61	$4.44	$0.03
	Current level of service + Environmental and cultural benefits at two reservoir sites in the Flinders Ranges.	$3.33	$1.88	$4.79	$0.05

Customers indicated they were **not** willing to pay more in their SA Water bill for the options for proposed investment shown in Table 4.4-3.

Table 4.4-3 Services not supported by WTP

Service	Services not supported	Estimated bill impact
Water network management by 2028	1,700 customers experience 3 or more unplanned water supply interruptions each year, averaging 3 hours 20 minutes	$1.09
	1,700 customers experience 3 or more unplanned water supply interruptions each year, averaging 3 hours 10 minutes	$4.84
Wastewater odours by 2028	14 odour hotspots and 500 odour complaints each year	$0.97
Wastewater overflows management by 2028	About 280 overflows on customers' properties and 135 overflows into the environment	$2.85
Keeping customers informed by 2028.	40% of customers contactable digitally, 75% satisfaction with digital services, 90% ease of interaction.	$0.55
	60% of customers contactable digitally, 85% satisfaction with digital services, 90% ease of interaction.	$3.54
Billing information for renters by 2028	Billing information to 17,000 renters in one council area	$0.50
	Billing information to 85,000 renters across SA managed by managing agents	$1.04
	Billing information to 225,000 renters	$1.83
Accessible customer services by 2028	Support for 50,000 customers experiencing barriers accessing our services	$0.97

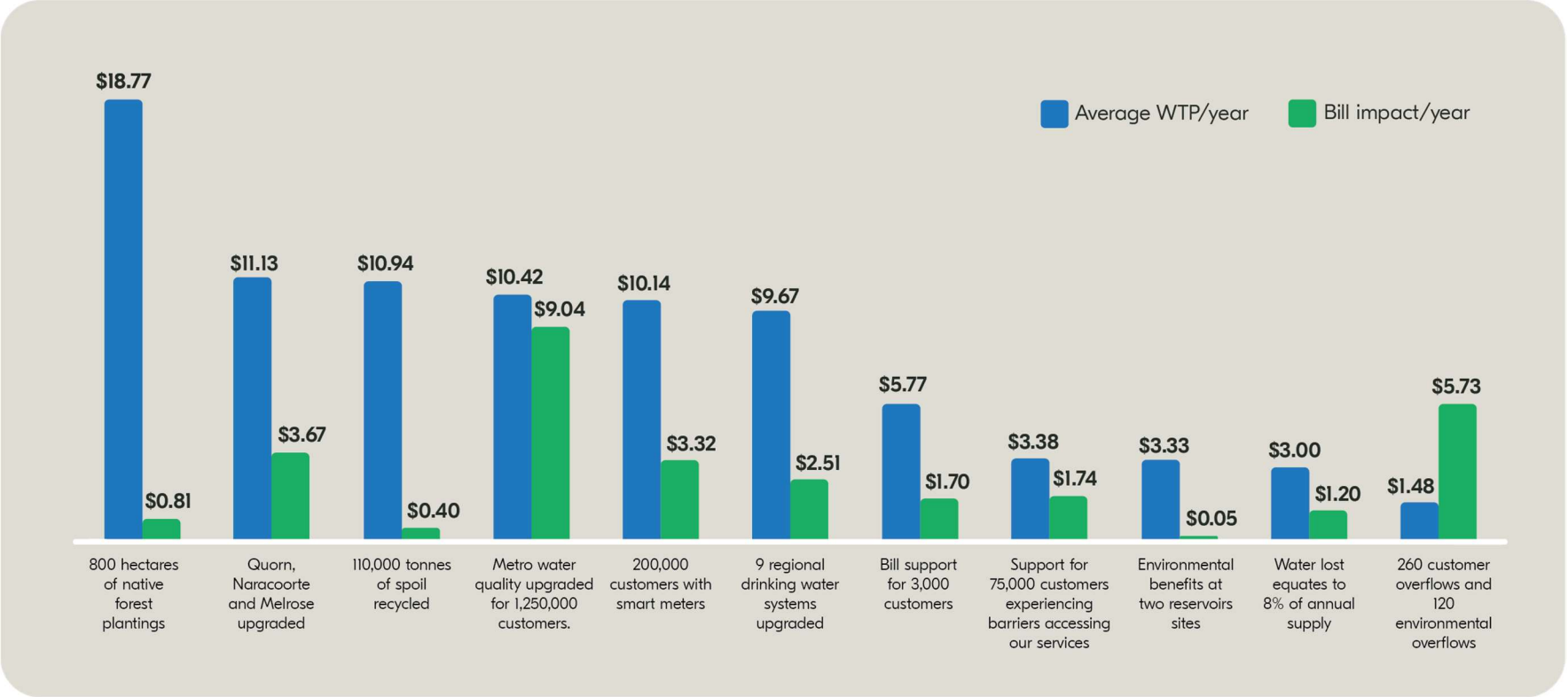


Figure 4.4-3 Service levels with the highest WTP estimate for each investment area

Summary of survey outcomes

Following is a summary of the WTP survey outcomes for all proposed investments by engagement theme, taken from the *What we Heard Report* included in Appendix I.

Delivering reliable water services

Water network management: Customers indicated they were not willing to pay more in their SA Water bill to reduce the number of customers experiencing three or more unplanned water supply interruptions from 1,750 to 1,700 customers and to reduce the average duration of interruptions from 3 hours 20 minutes to 3 hours 10 minutes.

Wastewater odours: Customers indicated they were not willing to pay more in their SA Water bill to reduce the number of odour hotspots from 16 to 14. SA Water customers were indifferent about an increase in odour hotspots from 16 to 20.

Upgrading water quality in metropolitan Adelaide: SA Water customers supported upgrading water quality in metropolitan Adelaide. Customer WTP exceeds the potential bill impact of all proposals tested to provide an improved level of service. The WTP estimates support an investment to upgrade water quality across metropolitan Adelaide to reduce customer water quality complaints from 700 to 70 per year.

Upgrading regional non-drinking water supply: SA Water customers were willing to pay to upgrade the regional non-drinking water supply across South Australia. Customer WTP exceeds the potential bill impact of all proposals tested. The WTP estimates support an investment to upgrade 9 regional systems to provide approximately 150 customers with drinking water across regional South Australia.

Improving regional South Australian water quality: SA Water customers value improving regional South Australian water quality. Customer WTP exceeds the potential bill impact for improving regional SA Water quality by 2028. The WTP estimates support an investment to upgrade the water quality in Quorn, Naracoorte and Melrose which would benefit approximately 7,600 customers.

Water leakage management: SA Water customers would support a reduction in the volume of water lost due to leakage across South Australia. Customers would also expect to be compensated if the volume of water lost increased from about 9,000 to 10,200 Olympic size swimming pools each year, supporting a proposal not to increase leakage. WTP estimates support an investment to reduce the amount of water lost each year due to leakage from approximately 9,000 (about 9% of annual supply / 22.5GL) to 8,400 (8% of annual supply /21GL) Olympic size swimming pools each year.

Wastewater overflows management: SA Water customers were not willing to pay to move from the current level of service to reduce wastewater overflows on customers properties and the environment respectively to 280 and 135 overflows each year. Customers were on average willing to pay $1.48 for a reduction in wastewater overflows to a level of 260 overflows on customers' properties and 120 into the environment, however the WTP estimate is less than the proposed bill impact.

Improving customer experience

Smart meters: SA Water customers value rolling out smart meters across South Australia to replace manual meter reading. Customer WTP exceeds the potential bill impact of all proposals tested. The WTP estimates support an investment in providing 200,000 customers with smart meters by 2028.

Keeping customers informed: Customers were not willing to pay extra in their SA Water bill to change the way customers are kept digitally informed about SA Water's services.

Providing equitable and affordable services

Billing information for renters: Currently there is no service to send billing information to renters, and customers were asked how much they were willing to pay to provide this option to 17,000 renters (7% of all renters in SA) up to 225,000 renters (100% of all renters in SA). Customers were not willing to pay extra in their SA Water bill to provide billing information for renters across all service levels tested.

Accessible customer services: Customers were asked whether they would be willing to pay extra in their SA Water bill for communication tools to better match the language and physical, cognitive, intellectual, and sensory abilities of customers who experience barriers to accessing SA Water's services. Customers indicated they were willing to pay an extra $3.38 in their SA Water bill to introduce measures to support 75,000 of SA Water's vulnerable customers, which exceeds the potential bill impact of the investment.

Supporting customers with high water use for medical needs: SA Water customers value increasing the support provided to customers with high water use for medical reasons. The WTP estimate exceeds the potential bill impact for all proposals, which supports an investment in providing 3000 customers with bill support each year.

Environmental and sustainable leadership

Carbon capture: SA Water customers placed significant value on the proposed measures to increase carbon capture on SA Water land. The customer WTP estimate is significantly higher than the proposed customer bill increases at each service level tested. The WTP estimates support an investment in planting 800 hectares of native forest plantings on SA Water land, which will result in carbon sequestration equal to taking around 4,900 cars off the road.

Circular economy: Customers placed significant value on the proposed measures to reuse spoil generated from the construction and repair of water and sewerage mains. Customer WTP exceeds the potential bill impact of all proposals tested. The WTP estimates support investment to reduce the amount of spoil that SA Water sends to landfill.

Environmental flows: SA Water customers indicated they were willing to pay to deliver environmental and cultural benefits at reservoir sites in the Flinders Ranges. Customer WTP estimates are significantly higher than the bill impact for the proposals tested, supporting an investment to provide benefits at two reservoir sites in the Flinders Ranges.

As detailed in chapter 4, WTP results are only one input to investment prioritisation that gave an indication of customer support. The investment proposals tested were also assessed against other outcomes, where relevant, and other prioritisation measures applied to all investment proposals.