

SOUTHERN WATER
TASMANIA

Pricing awareness & WaterSense campaign case study

Communications campaign explains paying for water & how to curb use

AUGUST 2012



WATER SERVICES
ASSOCIATION OF AUSTRALIA

Industry reform and requirements for increased expenditure on water and sewerage infrastructure made it necessary to change water pricing for a majority of southern Tasmanian urban areas, from a land-value basis to service and usage. Southern Water needed to prepare customers who had never paid for water use, explain pricing, and promote sustainable water use. A multiple phase campaign was conducted in the media, through customer service, and with advertising.

INTRODUCING USER PAYS AND THE REASONS FOR CHANGE

For 18 months Southern Water had been installing water meters to more than 50,000 previously unmetered customers in preparation for the introduction of two-part water pricing on 1 July 2012. Our challenge was to explain the reason for two-part pricing to customers who have never paid for water usage and why increased expenditure on infrastructure is required.

A three-stage awareness campaign was designed to introduce customers to water meters; two-part water pricing and the environmental and economic reasons for increased expenditure on water and sewerage infrastructure; and to promote sustainable water use.

The campaign included media, customer service initiatives, and advertising; and involved three stages:

- > Phase 1: Explaining the issues (why do we need to spend money on water and sewerage infrastructure)
- > Phase 2: Explaining the pricing (how does our new pricing system work and what does it mean for customers)
- > Phase 3: WaterSense (promoting sensible and sustainable water use habits)

Phase 1 of the campaign was important. In order for customers to understand our new pricing system, we had to firstly introduce the reasons why pricing had to change. This included explaining the environmental, service reliability and economic problems caused by ageing and failing infrastructure.

With this context established by Phase 1, Phase 2 built on this new knowledge and explained how the new pricing system would work for them. Phase 3 of the campaign then explores the control that they have over their bill by reducing water usage.

Phase 1 of the campaign commenced in February 2012. Phase 2 commenced in April 2012 and Phase 3 started in June 2012.

Without this three-stepped campaign, customer understanding of these issues would have been very low and this would have severely strained our customer services and our reputation.



COMBINING INTERNAL AND EXTERNAL EXPERTISE

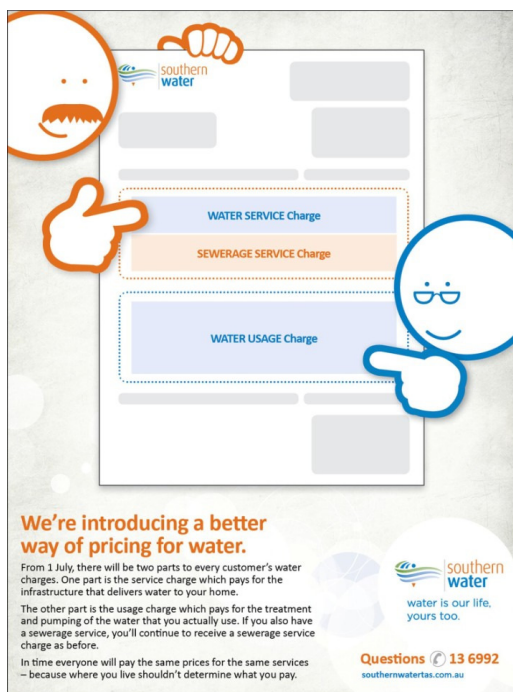
Southern Water's Communication's Team, in consultation with all key areas of the business, managed all the key elements of the Awareness Campaign.

Southern Water engaged advertising agency, The Green Team, to work on the advertising and branding components of the campaign.

The campaign is ongoing, with activities planned until at least June 2013.

Elements of the campaign will continue for the remainder of 2012 and into 2013.

As part of phase 3 of the campaign, free WaterSense gardening workshops and online resources are being offered to the public in conjunction with the Royal Tasmanian Botanical Gardens until June 2013, and Southern Water is planning more free community events related to WaterSense in October, to coincide with National Water Week. WaterSense may be an ongoing program.



ENCOURAGING CUSTOMER CONTACT RESULTS, AND REDUCED WATER CONSUMPTION

While statistical data on key campaign outcomes is yet to be compiled, Southern Water has experienced a much greater customer understanding of pricing, infrastructure and water conservation messages since the campaign began.

As part of phase two of the campaign, Explaining the Pricing, Southern Water implemented and promoted two new customer service initiatives: an online account estimator and one-on-one personalised pricing sessions held in community centres. The online account estimator has been accessed by more than 2,500 customers in its first month, and we have conducted over 300 face-to-

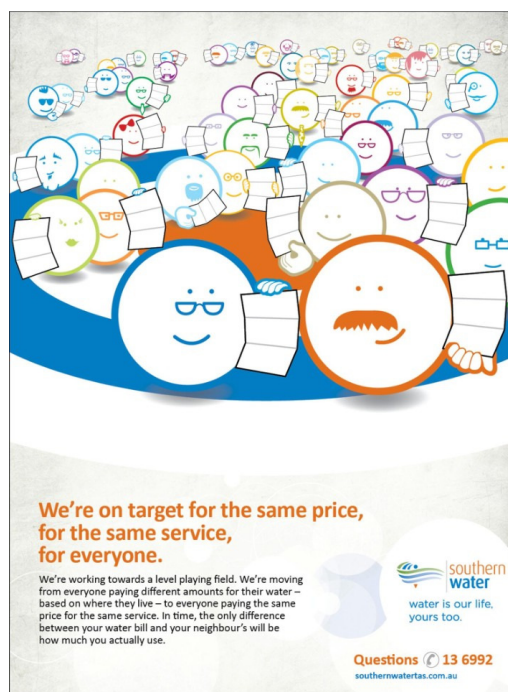
face consultations with interested customers through June and July.

Water consumption across the region decreased by more than 4% in the 2011/12 year, compared to the previous year. Although the new pricing had not commenced, the decrease may be partly attributable to the installation of the meter and the awareness created by the pricing campaign.

The Campaign has benefited our customers, the community as a whole, Southern Water as a business and Southern Water staff.

Customers benefit by being aware of how to control their water usage and reduce their bill, and by understanding the reasons for the charges on their bill.

Southern Water benefits by increased customer understanding, which leads to reduced pressure on customer service resources and improved standing in the community. This in turn creates a more positive working environment for our staff.



SOUTHERN WATER

Southern Water is Tasmania's largest water and sewerage services provider, serving over 95,000 customers in 12 council areas.