

Hall & Partners

Essential Water Customer Panel



Meeting 2 Report

March 2025



Background

Essential Water provides potable (drinking quality) water to around 18,000 people in Broken Hill and Menindee, and non-potable water to Silverton and Sunset Strip. Essential Water also provides wastewater services to Broken Hill. It is an operating division of Essential Energy, a NSW Government State Owned Corporation.

Similar to its parent company, Essential Water is required to develop a Pricing Proposal every five years which provides details of its upcoming expenditure and revenue requirements. The business is now developing the next Pricing Proposal (2026-2031) and has set up a new customer panel, the Essential Water Customer Panel (EWCP), as a mechanism for engaging with relevant customers.

Over the course of a year, the business will conduct in-depth engagement with this group on customer priorities, initiatives and pricing. This will complement broader online engagement with all Essential Water customers and more targeted engagement with larger customers and other stakeholders that will be run concurrently by the business.

The EWCP will meet in-person at a venue in Broken Hill, several times between November 2024 and June 2025.

This report outlines the findings and implications of the second meeting of the EWCP conducted in February 2025.

Objectives

The objectives of the **second session** were to:

- 1 Gain feedback on, and finalise, the list of customer priorities
- 2 Ensure understanding of the baseline bill impacts for non-discretionary items to inform customers' preferences for discretionary items
- 3 Identify customer preferences for discretionary spending on water quality/reliability and water security options





RECRUITMENT

Customers were invited by the business to submit an expression of interest (EOI) to be part of the EWCP.

Selection to the Panel was open to anyone who is a customer of Essential Water.

Essential Water collected demographic information from those who provided an EOI.

SAMPLING

Final selection to take part was based on obtaining a mix of demographics in terms of gender, age, ethnicity, business ownership, income and vulnerability.

Eighteen people were selected to be part of the panel, with sixteen attending the first session in November and thirteen attending the second meeting in February – their demographics are shown below.

METHODOLOGY

The first meeting was held in November 2024, with the second on Thursday 27 February 2025. The meeting was 2.5 hours from 6.00-8.30pm in Broken Hill Demo Club.

The format of the meeting consisted of a mix of information provision from Essential Water, Q&As, table discussions and activities and table feedback sessions.

Gender	Male	8
	Female	5
First Nations	Yes	4
Small business	Yes	5
Difficulty paying bills	Yes	4

Date of Birth	
1945-54	2
1955-64	2
1965-74	3
1975-84	5
Prefer not to say	1

Income	
Less than \$45,000	4
\$45,000-\$80,000	2
\$80,001-\$120,000	2
\$120,001-\$150,000	1
\$150,001 and above	1
Prefer not to say	3

Meeting structure and agenda

The thirteen panel members were seated on two round tables of 6-7 people each. Each table had a facilitator from Hall and Partners (Liz Sparham and Zoe Brown).

The table facilitators guided participants through the discussions, asked questions on the topics and kept the tables to time. An overview of the agenda is included on the right with a full run sheet included in the Appendix).

The Head of Essential Water, Ross Berry, gave presentations on the topics, with questions allowed throughout. Staff members were also on hand during discussions to answer any questions from panel members and to provide any additional information required.

Overall, similar to the first session, the participants were highly engaged with discussions being lively and interesting. An evaluation was conducted at the close of the session with participants completing an end of session survey – results are included in the Appendix.

Time	Agenda Item
6.00pm	Welcome and Introduction
6.10pm	Presentation: Reporting on the Customer Priorities from Meeting 1
6.20pm	Table Discussion: Feedback on the Customer Priorities
6.30pm	Presentation and Q&A: Baseline Bill Impacts
6.55pm	Light Dinner
7.10pm	Presentation: Customer Priority 1 – Water Quality and Reliability
7.45pm	Table Discussion: Preference for Water Quality and Reliability
7.55pm	Presentation: Customer Priority 2 – Water Security
8.00pm	Table Discussion: Preference for Water Security
8.20pm	Summing up and next steps
8.30pm	Close

Key takeaways

1

Participants agreed with the list of priorities and outcomes developed from the first session as well as the order – water quality and water security were considered the top priorities. Education was reiterated as being important to correct misunderstandings in the community.

2

Participants understood and supported the need for non-discretionary spending on the 'must do' items presented – maintenance of the network and the building of the new wastewater treatment plant. There was strong agreement that action is required now, to ensure future generations are not left to foot the bill for overdue pipe replacements.

3

For the water quality and reliability priority, participants were willing to pay for an increase in mains pipe replacements from 1.5km to at least 5km per year at a cost of between \$50-\$140 per household each year.

4

For water security, participants were unwilling to make a decision on who pays for the development of the graziers pipeline. They requested more information about the alternatives and more time to make that decision, therefore their preference was that the decision is delayed until the next regulatory period.

5

Working collaboratively with other government agencies and departments, not only in NSW but also across the borders into South Australia and Victoria, was raised again and deemed important to ensure delivery of customers' priorities for the future.





01

Customer Priorities

Feedback on the Customer Priorities

At the start of the session, following an introduction from Essential Water and a recap on the background to the project, participants were presented with a summary of the customer priorities developed from the last meeting and asked for their feedback on whether they captured everything or whether they wanted to make any changes/additions/deletions.

Participants were very supportive of the list of priorities and outcomes as summarised by Essential Water. They valued the concise nature of the high-level priorities and felt that they captured their discussions at the previous session well.

They agreed with the order presented as a reflection of their importance, with water quality and water security being the most important, and that they are more important than cost.

There was discussion about Essential Water’s role in relation to sustainability/environmental protection and it was believed that there is confusion in the community about the business’s role and responsibilities in relation the Darling River, the Menindee Broken Hill Pipeline and Imperial Lake. There was also felt to be misinformation about water quality amongst the community, with some suggesting it is much worse than it is. They stressed the importance of Essential Water trying to correct the misinformation and educate the public on its role and responsibilities.

There was also much discussion about greater transparency with regards to the water quality testing process – where and how it is tested.



Feedback on the Customer Priorities cont...

They also reiterated the importance of collaboration between government departments and agencies, and whereas at the last meeting it was focused on NSW, this time they highlighted the importance of inter-state collaboration with Victorian and South Australian bodies particularly on the sustainability/environmental protection priority.

“

“These seem spot on!”

“This is pretty much what we talked about, it’s a good summary.”

“It’s great that they listened, and this is reflected well in the priorities.”

“It wasn’t all about the cost and that’s shown here – the first three are really important and then cost is number four. It was a lower priority.”



02

‘Must do’ items

Non-discretionary spending

Next, Essential Water presented information on the projects that are required to ensure essential services can be maintained and regulatory standards are met. This was presented in the context of how Essential Water bills compare with other water utilities and the fact that prices have remained steady for the last 10 years despite increasing costs and ageing infrastructure.

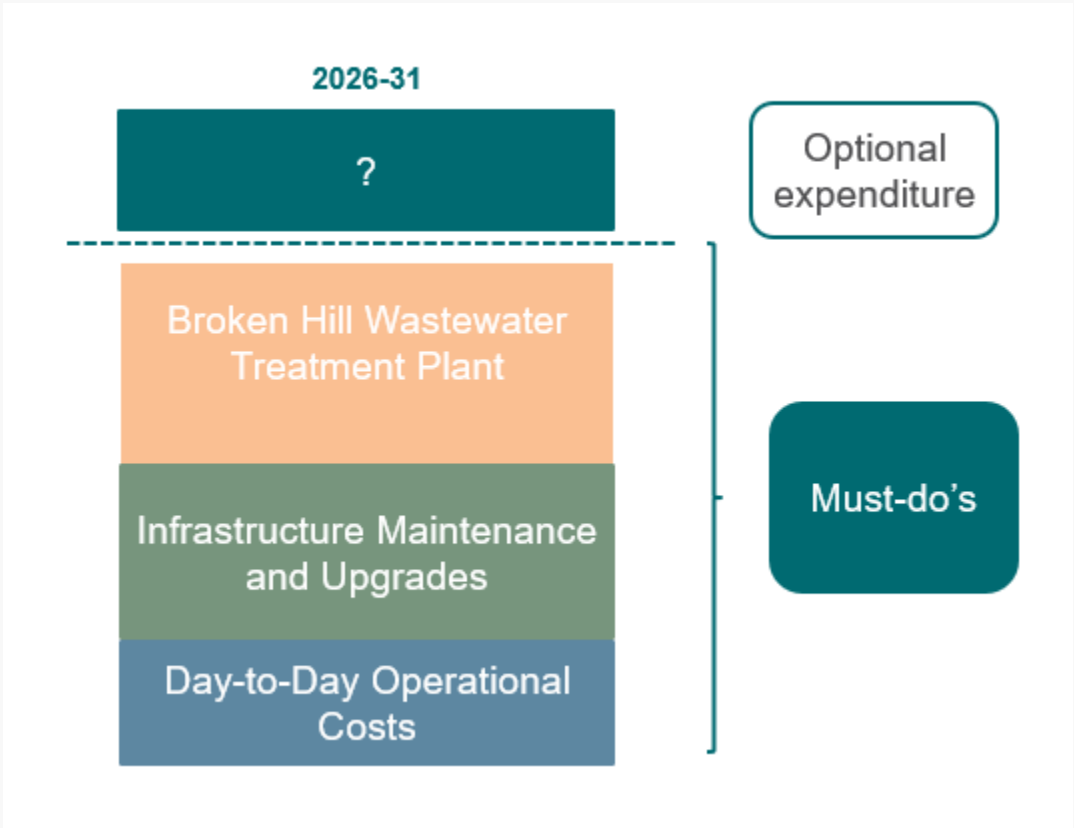
These ‘must do’ costs included:

- 1. Direct ongoing costs associated with day-to-day operations to meet service obligations
- 2. Paying a share of corporate services provided by Essential Energy (IT, Finance, HR) which is approved by the Australian Energy Regulator
- 3. Payment to WaterNSW for water delivered through the Wentworth-Broken Hill pipeline which is approved by IPART
- 4. Upgrades to water and sewer mains infrastructure to replace end-of-life assets
- 5. Broken Hill Wastewater Treatment Plant replacement to comply with environmental regulations

It was explained that alternative funding sources are being explored to limit the cost impact to customers for the replacement treatment plant.

Essential Water suggested that the final costs for these must do projects are still being calculated but are expected to be in the range of 3.5%-14.3%. This was presented in the context of Hunter Water and Sydney Water bill increases of 5.2% and 8.9%, respectively.

Participants were encouraged to ask questions throughout.



Non-discretionary spending cont...

In general, the Panel supported the need for the 'must do' expenditure and were accepting of the nature of the costs. Questions from the Panel were focused on the details of the projects rather than on whether the projects were needed. The following questions were asked by participants:

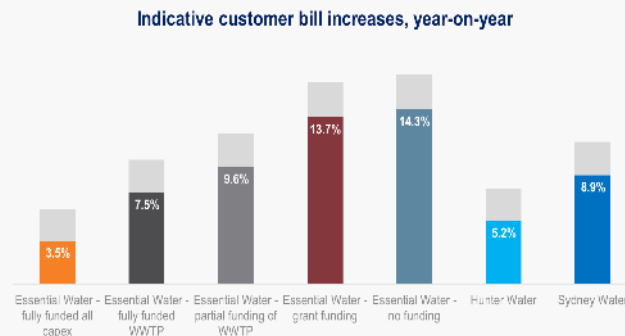
Infrastructure maintenance

- What sort of pipes would we be replacing?
- What will we be replacing them with?
- How much of an issue is it going to be to replace asbestos infrastructure?
- When is this going to happen?
- What if the pipes burst before we can replace them?
- Have we reached a point where the cost to maintain them has exceeded what it would cost to replace them?
- How long do the new pipes last?



Pricing

- Looking at those figures, what is the likelihood of any of those scenarios happening?
- How long is the government subsidy committed for?



Waste Water Treatment Plant

- What is the location for the new plant? Are there two sites?
- Why wasn't replacement of the plant done 15 years ago when the need was identified?
- How long will it take to build the new plant?
- What population size is the new plant for? If the population goes up or down then can it adapt?
- If people had greywater dwellings would that have an impact on requirements?
- What does effluent mean?
- What will we do with the cleaner wastewater? Will it be available for customers to water their gardens?



03

Water quality and reliability

Water quality and reliability

Following the presentation and Q&A on the non-discretionary expenditure, Essential Water presented information on the options for investment for the first priority ‘Having clean and safe drinking water’ and how they propose to deliver this priority in 2026-2031. This included the outcomes of:

- Water that is fit for purpose
- Regular and transparent water quality testing
- Minimal contaminants

Long term vision: Using technology to clear contaminants and provide accurate testing

As part of this information, the business included three options for consideration for pipe replacements and participants were asked to individually select which option they preferred.

Option A - Maintain	Option B – Moderate Increase	Option C – Large Increase
Outcome: Maintain current level of mains pipe replacements – up to 1.5km per year (\$1.5M p.a.) Advantages: Minimises bill impacts, no change to current practices Disadvantages: 150 to 220 years to replace all mains – increasing risk of breaks	Outcome: Increase main pipe replacements to 5-10km per year (\$5M-10M p.a.) Advantages: Reduced risk of supply interruptions. More closely matches asset life. Disadvantages: Increase in bill impacts	Outcome: Increase water main pipe replacements to more than 10km per year (\$10M + p.a.) Advantages: All mains replaced in ~22 years Disadvantages: Significant bill impact and future renewals will be too close together
\$ \$0 change each year	\$ \$50-\$140 each year	\$ More than \$140 each year

All of the participants believed that investment was needed to some degree, as none of the participants selected Option A, whilst eight selected Option B and five Option C.

They all felt that action needed to be taken now so that we don’t leave it to future generations to ‘pick up the pieces’.

The main thrust of both tables’ discussions concerned the trade-offs between affordability and benefits to customers. For those who selected Option B, the main consideration was keeping the bill impact at a level that those on low incomes or with large families would be able to afford. Some suggested that pensioners should be supported to finance the bill increases.

There was also some understanding of the benefit of Option B of staggering the replacements so that they wouldn’t all need to be replaced at the same time in the future.

“It is not sustainable to keep going as it is and do nothing.”

“If you ask someone with four school children and the mum isn’t working then cost is important to them.”

“Some consideration should be given to those from low SES households or pensioners, \$11 a month is a lot for them. Bill breaks for pensioners could be helpful”

Water quality and reliability cont...

For those who selected Option C, it was felt that the population size of Broken Hill was likely to increase and therefore the infrastructure needed to be replaced quicker to cater for this. There was also a feeling that since there hadn't been any investment over the last 10 years, that it was important that there was enough investment now to ensure a reliable network for future generations.

However, there were some concerns that this option would require a lot more staff and that there may not be the resources available to complete the replacements at this rate, leaving participants hesitant about selecting this option.

There were some requests for more information for Option C to support deliberations, e.g. more accurate information about the bill impact and how long the price rise is expected to last. There were also questions about the population size that the bill impacts were based on.

Overall, from this discussion and the resultant voting, it was clear that there was strong support for an increase in mains pipe replacement, with some slight disagreement amongst participants about the level of investment that is appropriate and acceptable.

“ “B is more practical and doable than C. Do a little bit and often.”

“C would require a lot more staff and resources.”

“I would like more detail about Option C – in an ideal world we'd do it.”



04

Water security

Water security

Lastly, Essential Water presented information on the second priority ‘Plan now for longer term water security’ and how the business proposes to deliver this priority in 2026-2031. This included the outcomes of:

- Ensuring long term water security even if the population grows
- Ensuring enough water even in drought conditions

Long term vision: An abundant water supply with no water restrictions and increased use of recycled water

As part of this priority, Essential Water provided information on the Grazier’s Pipeline and asked participants whether this should be part of its plans for 2026-31. The options provided are outlined below.

Option A – Graziers are responsible for organising and funding Grazier’s Pipeline ✓ Removes bill impacts for customers who do not benefit ✓ Graziers’ preferences for water security are met ✗ Graziers responsible for full cost	Option B – Essential Water defers decision to construct Grazier’s Pipeline until after 2031 ✓ Removes bill impacts on all customers ✓ Graziers’ water security meets standards ✗ Fails to meet graziers’ preferences	Option C – Essential Water commences construction of Grazier’s Pipeline in 2026-31 and spreads the cost across all customers ✓ Meets grazing customers’ expectations ✗ Increases all customers’ bills
\$ \$0 change each year	\$ \$0 change each year	\$ \$80 each year

Before getting into the detail about the options, some participants wanted to make a minor change to the long-term vision for this priority – they wanted to replace ‘no restrictions’ with minimal restrictions as it was felt that no restrictions was unrealistic and actually not really desirable in the context of another of their priorities – using water efficiently.

In terms of the preferences for the options presented, one participant selected Option A, ten selected Option B and no one selected Option C. Two participants abstained from voting.

The cost of a new pipeline for the graziers was estimated to be between \$10-15M making Option A a very difficult option to select for participants, as they knew that the graziers were unlikely to be able to fund it themselves.

Option C was also felt to be unfair because participants did not feel that the community should pay the cost for the pipeline either, when they were unsure what the benefit is to them.

That meant that Option B was selected as the default by most, even though it was not seen as ideal either, as it was simply deferring the decision. The option does supply the graziers with water security for the next five years, so it was thought to be an acceptable interim solution whilst a decision is made.

Water security cont...

“

“I feel very uncomfortable making this decision.”

“I’d be going B at the moment to defer the decision as I feel I need a lot more detail to make the decision and currently the pipeline does meet the graziers’ water security.”

“Those graziers would have bought their properties thinking that they will have water. Imagine how they would feel If we said we are taking their water away (by selecting Option A).”

“It is an extravagant cost, a very large amount of money. It is not our responsibility, but then who’s responsibility is it?”

Some questioned whether there are any alternative options that have not yet been considered, such as putting a sleeve in the existing pipeline.

Ultimately participants felt that they were not qualified to make a decision on who should fund a new pipeline and in fact, whether a new pipeline was the best solution. They suggested that a full cost benefit analysis be conducted (if not already carried out as part of the review). They wanted to understand what the cost-benefit would be to the community and the graziers. If the community pays for it, what direct benefit would they receive? The Panel also requested that if they are to be part of the decision making then they receive more detailed information on the options and more time to deliberate.

They also suggested that alternative funding sources should be explored such as government grants.



05

Conclusions

Summary and conclusions

Again, similar to the first meeting, there was deep engagement, lots of questions and lively discussions amongst participants.

There was strong agreement with the priorities summarised from the first meeting, with no suggested changes at the overarching level. It was stressed by participants that community education and engagement would be useful to build understanding of Essential Water's role and responsibilities, as well as to promote the quality of water in Broken Hill.

There was understanding and support for the 'must do' expenditure and they were accepting of the nature of the costs. Questions were focused on the details of the projects rather than on whether they were needed.

There was support for increased investment into mains pipe replacements to at least 5-10km a year.

Participants felt it was challenging to make a decision on who pays for the development of the graziers pipeline. Noting that graziers will continue to see a reliable water supply for the next five year period, participants' preference

was that the decision is delayed until the next regulatory period.

Based on the findings from this meeting, it is important that Essential Energy communicates to the community prior to any bill increases in the next period. The following messages could be considered by Essential Water for communication on the 'must do' items and increased pipe replacements:

- The government subsidy for the pipeline is continuing for the next 5 years (saving approx. \$1300 per customer).
- Essential Water has made minimal investment in the infrastructure for 10 years to keep costs low. In fact, compared to other water utilities EW bills have been very low.
- This means that replacements are now required to ensure the safe and efficient operation of the network for current and future generations (outline benefits).
- A new WWTP is being developed which will provide benefits to the community of x, y, z.



NEXT MEETING :



It is recommended that:

- Along with the options for investment for the remaining priorities, the preferences for water quality/reliability and water security are revisited as part of the consideration of total costs.
- Essential Water presents an update on the costs for the non-discretionary items taking into consideration any further modelling.
- Participants be reminded to consider these must do items and the total bill impact of their choices before making their final preferences.
- In the June meeting, Essential Water could consult with the Panel about the key messages for communication to the broader community concerning the 'must do' items.

06

Appendix

Customer Panel End of Session Feedback

Participants were asked to complete an end of session evaluation of the meeting. Results are shown on the right.

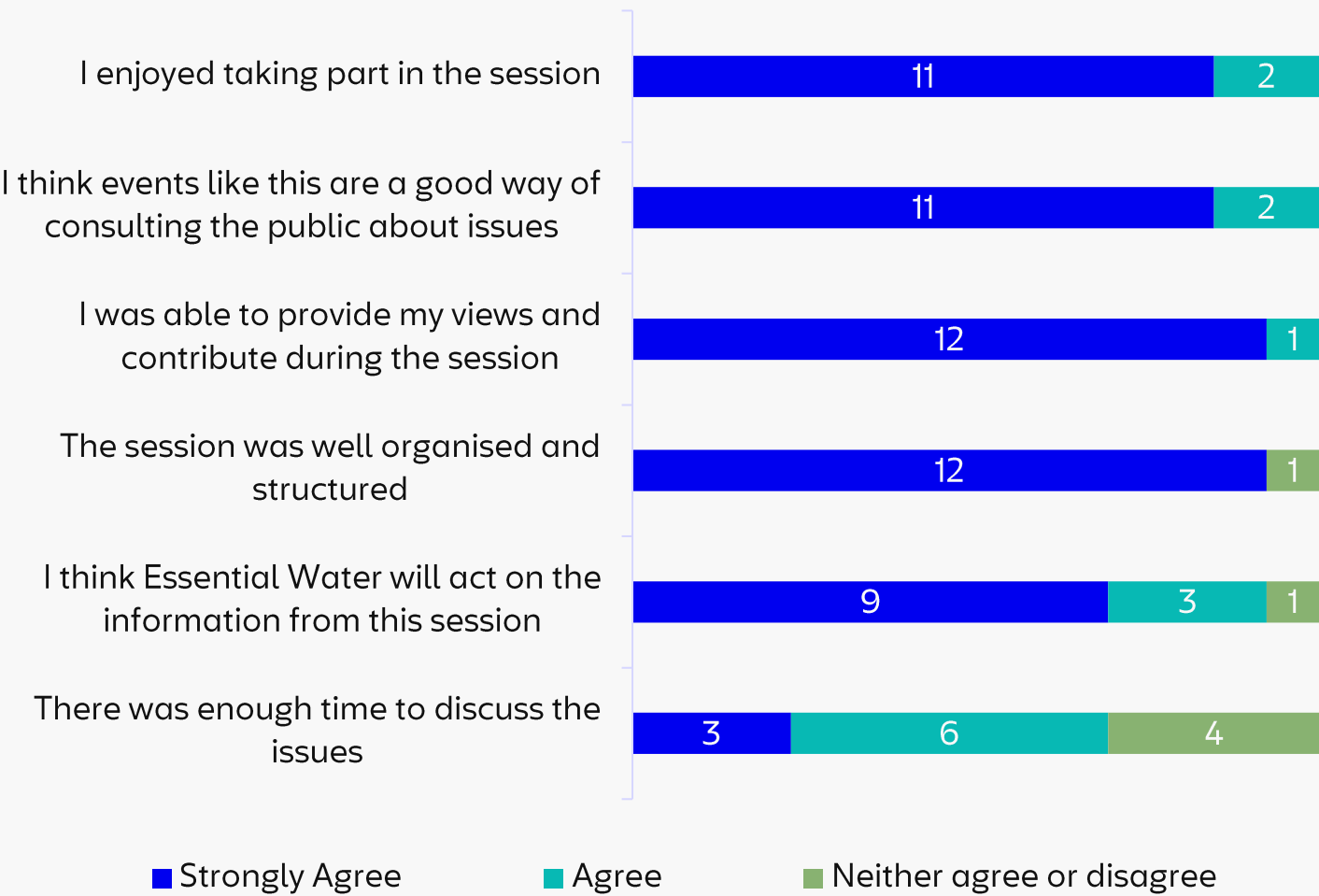
The vast majority of participants strongly agreed that they enjoyed taking part in the session and that such events are a good way of consulting the public about issues. They also strongly agreed that they were able to provide their views and contribute during the session as well as that the session was well organised and structured.

Two thirds strongly agreed that Essential Water will act on the information from this session. Although two thirds agreed that there was enough time to discuss the issues, only a third strongly agreed.

“Open discussion, everyone had a chance to speak, enjoyable, great food and good company.”

“I really felt heard and I think EW will take what we have said and act.”

“Well structured and allowed time for questions.”



February Base: 13

Essential Water Customer Panel Run Sheet

Time	Agenda Item	Responsibility	Materials				
6.00pm-6.03pm (3 mins)	Facilitator Introduction - Welcome back to session 2. - Similar structure to session 1 – mix of information provision and discussion/table activities. More information this time to enable them to have informed discussions about investment options. - Recap of guidelines 'Topics to engage on next time' noticeboard - Housekeeping – toilets and emergency protocol - Photo permission forms - Introduce first speaker	H&P	Flipchart with heading 'Topics to engage on next time' plus post it notes	6.20-6.35pm (15 mins)	Table Discussion: Customer Priorities <i>Introductions around tables</i> - Ask participants for feedback on customer priorities: - Do they agree or disagree that these are the main priorities? - Anything missing? Anything to add? - Any changes need? - Any clarifications? <i>Table spokesperson to write any changes required on flipchart to feedback in next session</i>	H&P	Handout 1: Customer Priorities Flipchart
6.03pm-6.10pm (7 mins)	EW Introduction - Acknowledge of Country - Recap of the purpose of the engagement - why EW needs to do a pricing proposal and ICWM, how the business is engaging with customers and how their feedback will be used. - Outline objectives for this second meeting	EW	PPT	6.35-6.40pm (5 mins)	Table Feedback: Finalising Customer Priorities Feedback session on any changes required for customer priorities	H&P	Flipchart
6.10-6.20pm (10 mins)	Presentation: Customer Priorities - Outline customer priorities from first meeting – give an overview of the <u>high level</u> priorities as well as the outcomes sitting under each - Give a very brief overview what EW is already doing for each priority which will provide an example of what we mean by each <i>Objective: Customer Panel understand priorities as well as the need to consider the cost impacts and value in their decision-making</i>	EW	PPT	6.40-6.55pm (15 mins)	Presentation: Baseline Bill Impacts - Comparison with bills from other water utilities - Advise of projects initiatives that EW must do - Advise of costs that must be paid for (existing assets, cost of repaying debt (return on/of capital), opex – building block revenue but simpler - Advise of bill impacts of these set costs <i>Objective: Customer Panel understands what <u>is bill impact of non-discretionary items</u> to inform their feedback on discretionary items</i>	EW	PPT

Essential Water Customer Panel Run Sheet cont...

6.55-7.05pm (10 mins)	Q&A: Baseline Bill Impacts Questions from the floor on non-discretionary items.	EW		7.45-7.50pm (5 mins)	Table Feedback: Water Quality and Reliability Quick feedback session on scores for preferences for water quality and reliability and reasons why	H&P	Flipchart
7.05pm-7.25pm (20 mins)	Dinner Break		PPT	7.50-8.00pm (10 mins)	Presentation: Customer Priority – Water Security - Replay what we heard from first meeting and <u>current status</u>: - Provide information on water security - Graziers Pipeline options <i>Objective: Customer Panel understands the current and forecast level of water security and provides feedback on whether Essential Water should invest in the Grazier's Pipeline.</i>	EW	PPT
7.25-7.32pm (7 mins)	Presentation: Customer Priority – Water Quality and Reliability - Replay what we heard from first meeting and <u>current status</u>. - Present three options. <i>Objective: Customer Panel understands how Essential Water is meeting its obligations in terms of water quality and reliability and provides feedback on whether services need to increase?</i>	EW	PPT	8.00-8.15pm (15 mins)	Table discussion/choosing preferences Give out Handout 3 - Customer feedback on the outcomes and <u>long term</u> vision – are these the right aspects to be focusing on for this priority? - Discuss whether EW are meeting customer needs and expectations regarding water security or should be doing more? - Whether customers believe Essential Water should build the pipeline and spread the costs across all customers? - Ask participants to select their preferred option for water security - Discuss which option participants chose and why - Hand in sheets to facilitator for tallying up. <i>Spokesperson to write which option was preferred on flipchart with a few bullet points from the group about the reasons</i>		Handout 3: info and options – includes preference <u>identification</u> (include names so we can give them back their personalised voting sheet next time)
7.32-7.45pm (13 mins)	Table discussion/choosing preferences Give out Handout 2 - Customer feedback on the outcomes and <u>long term</u> vision – are these the right aspects to be focusing on for this priority? - Do they want to maintain current reliability levels or pay more to see improvements in reliability? - Hand out individual voting sheets and ask participants to select their preferred option - Discuss which option participants chose and why - Hand in sheets to facilitator for tallying up. <i>Spokesperson to write which option was preferred on flipchart with a few bullet points from the group about the reasons</i>		Handout 2: info and options – includes preference identification (include names so we can give them back their personalised voting sheet next time)				

Essential Water Customer Panel Run Sheet cont...

8.15-8.20pm (5 mins)	Table Feedback: Water Security Quick feedback session on scores for preferences for water security and reasons why	H&P	Flipchart
8.20pm-8.30pm	Recap of what we heard and next steps <i>Objective: Customer Panel hears summary of what we heard and is clear about how we will use this feedback.</i>	EW	