



Hunter Water Operating Licence Review

Issues Paper

September 2021

Water >>

Tribunal Members

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Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by Friday, 22 October 2021

We prefer to receive them electronically via our [online submission form](#).

You can also send comments by mail to:

Hunter Water Operating Licence End of Term Review
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may decide not to publish a submission, for example, if we consider it contains offensive or potentially defamatory information. We generally do not publish sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please let us know when you make the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

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We make the people of NSW better off through independent decisions and advice. IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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1 We want to know what you think about the Hunter Water Operating Licence

Hunter Water is a natural monopoly, providing an essential service. This means that in the absence of competition, regulation and licensing are generally required to promote positive consumer outcomes. The 2017-2022 Hunter Water operating licence (Licence) authorises Hunter Water to operate under terms and conditions which address:

- the of quality of products or services including the protection of public health
- the availability of essential products or services.

Hunter Water is also subject to price regulation through IPART's pricing determinations. Price regulation, in combination with licence requirements, protects customers from excessive (monopoly) prices. We are currently reviewing the way we do price regulation and its interaction with licensing. We want to ensure that our pricing determinations and the licences work together to promote the delivery of services customers want at a fair price.

Our recommendations for any changes to Hunter Water's Licence will be informed by the findings of this price regulation review as well as the end-of term review of the Licence (Review).

1.1 Our review

We will conduct this Review to assess whether the Licence meets its objectives. The existing objectives are set out in clause 1.1 of the Licence:

- a. provide transparent and auditable terms and conditions for Hunter Water to lawfully undertake its activities at industry good practice
- b. recognise the interests of stakeholders within its Area of Operations
- c. impose the minimum regulatory burden on Hunter Water by avoiding duplication or conflict with other regulatory instruments.

We will consider whether it does so in a way that imposes the lowest possible cost on Hunter Water (and therefore its customers).

In Chapter 5, we discuss whether these objectives should be updated in a new Licence to more closely align with Hunter Water's principal functions, to allow people to easily understand why specific conditions are included in the Licence. The existing Licence objectives reflect the process for developing the Licence and are useful to assess against in a review process. However, they may not provide value to Hunter Water's customers.

We expect to make our recommendation for a new Licence to the Minister for Water, Property and Housing (the Minister) to come into effect by 1 July 2022.

You can find further background information on the Review in Appendix A to this Issues Paper. It outlines the scope of the Review, our approach and timeline, and identifies matters that we must consider in the Review.



Follow the links to find out more about the context of the Review

Who is Hunter Water?

Why does Hunter Water need a Licence?

Why are we reviewing the Licence?

What will we consider in the Review?

Who will this Review affect?

1.2 We encourage your input into the Review

This paper is an opportunity for you to provide feedback on the Licence and raise any issues of concern. It discusses our preliminary positions on how the Licence could be improved, and we seek feedback to develop these preliminary positions into draft recommendations. Your feedback will help ensure that we recommend terms and conditions that reflect customer preferences.

Throughout this paper we list specific questions where we invite your comment. Many of our preliminary positions are to retain and update existing Licence conditions. However, we seek your input to understand if these Licence conditions remain necessary and if there are more efficient ways of achieving the same outcome.

We undertook a review of the Sydney Water Operating Licence in 2018-19 (the Sydney Water Operating Licence Review). This led to an improved structure and significant redrafting of some provisions which are like provisions in this Licence. During the Review, we will consider whether the benefits derived from changes to the Sydney Water Operating Licence can also be applied to Hunter Water. Changes will only be recommended where there is a clear benefit for Hunter Water and its customers or other stakeholders.

In particular, we invite your feedback on the following matters:



System performance standards

Should the system performance standards in the Licence (for water continuity, water pressure and wastewater overflows) be updated to better reflect customer preferences?



Water conservation

What type of water conservation obligations should be imposed on Hunter Water?



Customer consultation

Should the Licence require Hunter Water to maintain a Customer Advisory Group, or is there a better way for Hunter Water to consult with its customers?



Competition

Should the Licence require Hunter Water to negotiate in 'good faith' with potential competitors and licensees under the *Water Industry Competition Act 2006* and publish servicing information to competitors on its website?

1.3 How will we conduct the Review?

1.3.1 We will take a customer-focused approach

We believe a customer-focused approach to the Review will help improve customer protection which is a key objective in regulating water utilities.

Your feedback to this Issues Paper is important. We will undertake this Review with the interests of Hunter Water's customers at the forefront of our decision-making. By using a customer-focused approach, we seek to recommend terms and conditions in the Licence that reflect customers' preferences and needs.

This is particularly important for customers of monopoly suppliers such as Hunter Water where most customers cannot change their provider.

1.3.2 We will apply the Best Practice Licensing Framework

We will apply the Best Practice Licensing Framework¹ to design terms and conditions in the recommended Licence.

Box 1.1 The Best Practice Licensing Framework consists of the following 4 stages:

1. Consider whether licensing is appropriate.
1. Consider whether the Licence is well designed.
2. Assess whether the Licence can be administered effectively and efficiently.
3. Confirm that licensing is the best response when comparing its costs and benefits against other options.

We have discussed below how we will implement the Best Practice Licensing Framework.

Stage 1 — Consider whether licensing is appropriate

We will apply Stage 1 to both the existing and potential terms and conditions using a pragmatic approach. Where an existing condition must be included in the Licence due to a legislative requirement, we will consider that it is required and move on to Stage 2.

Where an existing or potential condition may be included in the Licence, we will consider whether a licence condition is necessary and appropriate to address the specific problem or risk. As this is a mature licence, we will consider whether any existing licence terms and conditions should be retained. One of the key questions we will consider is whether the same outcome would be achieved in the absence of a licence condition. This will be informed by your feedback to this Issues Paper.

Stage 2 — Consider whether the Licence is well-designed

In applying Stage 2, we will consider whether the existing or potential licence condition meets the principles of a well-designed Licence, including whether it:

- is outcomes-focused rather than prescriptive
- is proportionate to the problem or risk being addressed
- does not duplicate other existing regulatory requirements
- requires only the minimum necessary reporting.

In doing this, we will consider information from:

- your feedback to this Issues Paper
- previous operational audits of Hunter Water, including its compliance with its existing Licence conditions

- other recent Public Water Utility operating licence reviews, including our 2019 review of the Sydney Water Operating Licence
- relevant examples of current good or best practice in the regulation and operation of utilities in Australia and other countries.

Stage 3 — Assess whether the Licence can be administered effectively and efficiently

In applying Stage 3, we will consider whether we can effectively monitor compliance against an existing or proposed new Licence condition using a risk-based approach.²

In general, when we apply a risk-based approach, we audit those licence clauses that are high risk and have a low level of compliance more frequently than licence clauses that are low risk but have a high level of compliance. We also rely on Hunter Water's annual statement of compliance to determine whether we undertake an audit of some of the clauses.

Where an Asset Management System (AMS) has been certified by a third party, we generally accept certification reports from Asset Management System specialist auditors rather than including an audit of the AMS in our audit scope. This allows us to minimise duplication and the burden on Hunter Water.³

Where the Licence requires Hunter Water to cooperate with certain government agencies, we monitor compliance through direct annual contact with these agencies and seek feedback on Hunter Water's performance.

We implement continuous improvement based on our internal reviews and by seeking feedback from Hunter Water and our independent auditors at the end of each audit. We also have our [Audit Guideline – Public Water Utilities](#) which sets out our expectations regarding the conduct of operational audits, and we update it periodically.

Stage 4 — Confirm that licensing is the best response when comparing its costs and benefits against other options

We will apply Stage 4 of the framework to develop a set of options for the terms and conditions in the new Licence. This stage involves conducting a cost-benefit analysis of the options to confirm licensing is the best response and to select the best option. Where a condition must be included in the Licence due to a legislative requirement, we will consider that licensing is the best approach (but will consider the best design).

We will consider different options to address a problem or risk once we have established that licensing is appropriate. In generating options, we will consider a range of realistic and feasible options and analyse each option to determine a short-list.

The process of determining a short-list may include reiteration or repeat analysis, and/or developing or refining already considered options. The options may range from specifying the required outcomes, the required standards or the processes to achieve the outcomes.

Other flexible approaches could include:

- establishing co-operative relationships without specifying the outcomes, or
- reporting on certain information to increase transparency and increase people's confidence.

We will undertake a cost-benefit analysis after we have short-listed the options. The preferred option will be determined using that analysis.⁴

1.4 How the Issues Paper is structured

This paper discusses the key issues relevant to the Review and our preliminary positions, where we have them, for addressing these issues. We have grouped the issues into 4 categories and structured the paper accordingly, as shown in Table 1 below.

Table 1 Structure of the Issues Paper and issues discussed in each chapter

Chapter of the Issues Paper	Issues discussed
Chapter 2: Performance standards, water conservation and water planning	<ul style="list-style-type: none"> • Water quality standards • System performance standards for customer service • Water conservation and water planning
Chapter 3: Hunter Water's obligations to its customers	<ul style="list-style-type: none"> • Customer billing • Customer contract • Licence conditions for protecting customers' rights (payment assistance options, family violence policy, external dispute resolution, internal complaints handling, external dispute resolution and providing information to customers) • Licence conditions for consulting with customers
Chapter 4: Commitment to quality processes and systems	<ul style="list-style-type: none"> • Asset management • Environmental management • Quality management • Stakeholder cooperation (with NSW Health, Department of Planning, Industry and Environment and Fire and Rescue NSW) • Engaging with private water utilities
Chapter 5: Administration	<ul style="list-style-type: none"> • Licence structure • Licence objective • Pricing condition • Other administrative Licence conditions
Chapter 6: Full list of questions for your comment	In each of the above chapters, we ask a series of questions where we seek your feedback on the issues discussed. This chapter includes the full list of questions asked throughout the paper.

1.5 How you can submit feedback

We invite all interested people to make submissions in response to this paper.

We request that Hunter Water make its submission on the Issues Paper by **8 October 2021**. We will publish Hunter Water's submission on our website.

We invite other interested parties¹ to provide their submissions by **22 October 2021**, and to consider Hunter Water's submission in formulating their own submissions. We will publish all submissions on our website.

¹ Other interested parties may include, but are not limited to, Hunter Water's customers and consumers, other water utilities, regulators, government stakeholders, and community, industry and environment groups.

We look forward to receiving your submission. For more information on how to make a submission and our submission policy, and how to manage confidential or commercially sensitive information in your submission, please see page ii at the front of this paper.

Your input is valuable to our review process.

[Make a submission »](#)

You can be involved by making a submission in response to this Issues Paper.

1.6 Next steps

We intend to provide our recommendation for a new Licence, Customer Contract and Reporting Manual to the Minister by May 2022. This will allow a new Licence to come into effect by 1 July 2022.

We will complete the Review according to the timeline below:



2 Performance standards, water conservation and water planning

Performance standards directly impact on the level and quality of service that customers receive

Water conservation and planning ensure the sustainable supply of water



2.1 Quality and performance standards for customers

The *Hunter Water Act 1991* (the Act) requires the Licence to include quality and performance standards.⁵ Quality and performance standards define the levels of quality and/or performance that a utility must meet to satisfy a regulatory or other requirement. They generally focus on one or more aspects of the level of service customers can expect from the utility.

Quality and performance standards minimise the risk of a utility providing unacceptable levels of service to customers. They are important for monopoly service providers like Hunter Water, because most customers cannot change their service provider if they are unhappy with the service they receive.

The existing Licence sets 2 types of quality and performance standards that Hunter Water must meet:



Water quality standards

Drinking and recycled water quality management systems



System performance standards

Water continuity, water pressure and dry weather wastewater overflows

In general, we consider that the water quality and system performance standards in the Licence, and the Licence conditions requiring Hunter Water to meet the standards, are effective in maintaining good outcomes for customers. They help Hunter Water to protect public health and customers by ensuring:

- drinking water and recycled water services are safe (where provided by Hunter Water)
- availability of drinking water is sufficient
- wastewater services are safe/minimise overflow events
- level of service provided to customers.

We seek your feedback on our preliminary positions and proposed changes discussed below.

2.1.1 Water quality standards

The Act requires the Licence to include terms or conditions to ensure that Hunter Water's services and systems meet the specified water quality standards.⁶ It is critically important that all water supplied by water utilities meets the quality standard to protect public health.

Water quality management systems



Our preliminary position is to retain the existing Licence conditions for water quality management systems

The Licence is the only instrument currently requiring water quality management systems which provide a focus on water quality and are auditable. We consider it is beneficial to retain these Licence requirements as they assist to protect public health.

We propose to include an explicit condition in the Licence to allow NSW Health to specify requirements.

Our preliminary position is based on the need to ensure that water quality requirements are met and can be audited and enforced (explained below). However, we seek your feedback to understand if there is a more efficient way for the Licence to ensure safe water supply.

Drinking water quality

The *Public Health Act 2010* (NSW) (the Public Health Act) imposes an obligation to supply drinking water that is fit for human consumption.⁷ The Minister has powers to take action or give directions with respect to unsafe water.⁸

The Public Health Act mandates safety measures for drinking water, such as requiring suppliers of drinking water to establish and adhere to quality assurance programs that address the elements of the Australian Drinking Water Guidelines (ADWG).⁹ The Chief Health Officer may, by notice in writing, exempt a supplier of drinking water from a quality assurance program if the Chief Health Officer is satisfied that the supplier is subject to other appropriate licensing or regulatory requirements.¹⁰ Hunter Water is currently exempt from this requirement because of the Licence's requirement for a Drinking Water Quality Management System (DWQMS).

Our preliminary position is to retain the requirement in the Licence for a DWQMS to continue to maintain a focus on drinking water quality.

Recycled water quality

Recycled water is addressed in the Public Health Act as 'any other water', for which the Minister has power to take action and give directions. However, the Public Health Act does not require recycled water to be provided to a defined standard.

The Australian Guidelines for Water Recycling (AGWR) provides a national, authoritative reference for making and using recycled water in a safe way. It uses a risk management approach, which requires producers and managers of recycled water to develop water production, operations and management systems to safeguard human and environmental health.¹¹

Recycled water can provide a reliable and climate-resilient source of water, which can be an important component of a robust and resilient water supply system. However, public confidence in water that is produced by recycling sewage or stormwater depends on a demonstrably rigorous and enforced system of water quality management.

As the AGWR is not a legally enforceable standard, the requirement to maintain a water quality management system is an efficient way to ensure outcomes consistent with AGWR and sets an auditable and enforceable requirement. Our preliminary position is to retain this requirement in the Licence to continue to maintain a focus on recycled water quality.

NSW Health's requirements

For both drinking water and recycled water quality, our preliminary position is to retain the provisions in clauses 3.1 and 3.2 that allow Hunter Water to depart from the ADWG/AGWR in some circumstances. Further, we propose to include an explicit requirement for Hunter Water to comply with NSW Health's requirements as specified in writing which is currently a non-enforceable note to the Licence only. Making this a requirement should not add significant additional burden on Hunter Water.

We consider that these provisions will allow NSW Health to consider whether the requirements of the ADWG/AGWR are relevant to Hunter Water, providing for flexibility to achieve health-based outcomes efficiently. Further, it will clarify the power of NSW Health to specify other auditable requirements relating to water quality for the protection of customers (in writing).

Reporting requirements

Currently under Chapter 3 of the Reporting Manual, Hunter Water is required to prepare and publish annual compliance reports on its DWQMS and Recycled Water Quality Management System (RWQMS) as well as monthly water quality monitoring reports. In addition, it must provide quarterly exception-based reports on its water quality monitoring and report any incidents and emergencies immediately to NSW Health. These reporting requirements promote accountability for meeting the standards and enable NSW Health to monitor for public health risks.

These reporting requirements both promote transparency and enhance our ability to monitor compliance with safety requirements. We have not identified a need for additional reporting requirements.

We seek your comment



1. Do you agree with retaining the existing drinking and recycled water quality management conditions, with an explicit Licence condition to comply with any requirements specified by NSW Health?



2. Is there an alternative water quality standard that we should consider when looking for the most cost-effective option for ensuring health and environment outcomes?

Fluoridation code

Fluoridation of water in NSW is governed under the *Fluoridation of Public Water Supplies Act 1957* and the *NSW Code of Practice for Fluoridation of Public Water Utilities Supplies* (Fluoridation Code). The existing Licence does not include a condition requiring Hunter Water to comply with the Fluoridation Code.

Hunter Water has reporting requirements only. Under section 3.1.2 of its Reporting Manual, Hunter Water is required to report monthly to NSW Health on its fluoridation monitoring. While the reporting requirements provide some transparency, including a Licence condition to comply with the Fluoridation Code could assist in monitoring compliance with the Fluoridation Code.

We acknowledge that a new Licence condition could result in additional costs to Hunter Water. We seek your feedback to determine whether including a condition in the Licence to comply with the Fluoridation Code is beneficial for Hunter Water's customers. Our analysis will consider the relative costs and benefits of our recommended approach.

We seek your comment



3. What are the benefits and costs of including a condition in the Licence for Hunter Water to comply with the *NSW Code of Practice for Fluoridation of Public Water Utilities Supplies*?

2.1.2 System performance standards



Our preliminary position is to retain system performance standards for water continuity, water pressure and wastewater overflows, as in the existing Licence, but revise the specified levels of service

Better system performance standards can help inform Hunter Water's decision-making about the level of service it provides to its customers.

The Licence includes terms or conditions to ensure Hunter Water provides customers with services that meet specified performance standards.¹² In the absence of mandatory requirements there is a risk that over time, Hunter Water's standards would not be maintained. Customers may receive services that do not meet quality expectations.

The existing Licence contains 3 clauses that specify system performance standards which set maximum limits on failures to achieve the standards. These are all 'service interruption' type standards:

- Clause 3.3.1 of the Licence specifies the water pressure standard. It requires Hunter Water to ensure that no more than 4,800 properties experience a water pressure failure in a financial year.
- Clause 3.3.2 of the Licence specifies the water continuity standard. It requires Hunter Water to ensure that, in a financial year:
 - no more than 10,000 properties experience an unplanned water interruption that lasts more than 5 continuous hours
 - no more than 5,000 properties experience 3 or more unplanned water interruptions that last more than one hour (repeat measure).
- Clause 3.3.3 of the Licence specifies the dry weather wastewater overflow standard. It requires Hunter Water to ensure that, in a financial year:
 - no more than 5,000 properties experience an uncontrolled wastewater overflow in dry weather
 - no more than 45 properties experience 3 or more uncontrolled wastewater overflows in dry weather.

Historically, Hunter Water has met the system performance standards in the Licence. In the 2016-17 Hunter Water Licence Review we explored whether the standards could be too 'generous'. At that time, we recommended that it was better to review the system performance standards after Hunter Water had surveyed customers about their preferences for performance levels.¹³ Hunter Water undertook this customer survey in 2020, as required by the Licence (clause 3.3.4).

In our recently released discussion paper [Lifting performance in the water sector](#), we sought feedback on how performance standards should be set and how best to align pricing decisions and performance standard setting to enable businesses to make trade-offs between the two. We are seeking to understand - how do we set performance standards to ensure customers are protected, while incentivising higher levels of performance where it is efficient to do so? The review used the term 'minimum' to reflect a minimum level of service, as opposed to the maximum level of disruption.

At our industry workshops, most of the water businesses indicated some support for a 'minimum' standard of performance in the operating licence to protect customers, with optimal standards (that balance performance with cost) to be incentivised through separate mechanisms such as the pricing review.

Our preliminary position is to retain the existing performance standards for water pressure, water continuity and dry weather wastewater overflows that set maximum limits for the service interruptions (thereby specifying the minimum level of service a customer can expect, as supported by the water businesses). The existing system performance standards protect customers from inferior quality products and services and the wastewater overflow standard protects public health by minimising overflow events.

However, we propose to consider revising the levels of service specified in the existing Licence, having regard to:

- historical and expected levels of performance
- what extent the performance standards we set should reflect the trade-off between the value to customers of a change against the increased costs they would pay. This could be informed by the results of Hunter Water's customer preference survey.
- whether the provisions to guard against repeat service interruptions provide the right level of protection for individual customers across the network
- whether rebates align to performance standards and reflect customer survey outcomes
- stakeholder submissions.

We note that clause 16 of the Customer Contract includes a set of rebates for customers who are inconvenienced by planned and unplanned water interruptions, low water pressure and wastewater overflows. Hunter Water also surveyed customers about the appropriate levels of rebate to quantify the benefit to the customer or society. Hunter Water's customer survey and any changes to the system performance standard thresholds that we recommend in this Review (as discussed above) will inform the analysis of the rebate structure and rebate amounts to reflect the inconvenience experienced by customers. Rebates are discussed in section 3.1.2.

We seek your comment



4. Do you have any comments on retaining the existing system performance standards but revise the levels of service specified in the Licence? Should the level of service be set at an optimal level that reflects customers' willingness to pay for higher levels of performance?



5. Are there other standards that the Licence should include to hold Hunter Water to account for the levels of service it provides to the community?

2.2 Water conservation and water planning

Hunter Water's licences have had conditions relating to water conservation and planning since Hunter Water was established in 1991. Water conservation refers to water recycling, leakage management and programs to enhance water efficiency. Water recycling refers to both harvesting stormwater for beneficial use and reusing wastewater.

Water conservation and planning are not specific requirements in the Act, but they are integral to efficient investment in the long-term interest of customers. The challenges that face all water utilities in addressing climate change and catering for a hotter dryer climate mean that thoughtful, effective and efficient investment in water conservation and planning is critical. It is a key area of policy development for the NSW Government and there are various reviews underway which could affect this Review's ultimate recommendations.

Inadequate water conservation and planning measures can lead to greater supply augmentation costs in later years. On the other hand, too much investment in water conservation can mean unnecessarily high costs, both in the short and long term. In both cases, customers may be required to pay more than they need to.

Planning efforts should support growth in the region and ensure Hunter Water can respond to system shocks, including drought and longer-term changing climate impacts.

As a starting point for consultation, our preliminary position is to include conditions in the Licence like those imposed in the Sydney Water Operating Licence for the reasons set out below.

We seek your feedback to understand whether our proposed changes are beneficial for Hunter Water's customers.

2.2.1 Water conservation

Licence conditions on water conservation are intended to ensure that Hunter Water adequately invests in measures which conserve water, without imposing excessive costs on customers. These Licence conditions help achieve the policy objectives of the Lower Hunter Water Plan.

The existing Licence includes different requirements for water conservation across Hunter Water's scope of operations. Unlike Sydney Water, Hunter Water is a vertically integrated utility which looks after water treatment as well as water storage and catchments. The Licence imposes different requirements for:

- upstream of the treatment plants, or from 'catchment to water treatment' (where Hunter Water undertakes catchment management, water storage and water transmission), and
- downstream of the treatment plants, or from 'treatment to tap' (where it supplies treated water to customers).

Catchment to water treatment



Our preliminary position is to update the existing Licence conditions for catchment to water treatment to maintain a focus on water conservation.

We consider that Hunter Water should focus on implementing its water conservation program now that it has already developed a water conservation strategy.

We propose retaining the existing Licence condition for Hunter Water to calculate the system yield.

Water conservation program

It is our preference that investment in programs such as water conservation should be economic. That is, the benefit derived through the investment should outweigh the cost of the investment. The existing Licence clause for 'catchment to water treatment' (clause 2.1) does not require Hunter Water to apply an Economic Level of Water Conservation (ELWC) methodology to determine whether programs should proceed.

In the 2016-17 Hunter Water Licence Review, stakeholders raised concerns that it would be difficult to apply the ELWC concept to water conservation in the water catchments. Stakeholders cited lack of available cost and benefit data on natural assets and the complex nature of the natural transmission system as concerns.¹⁴ Instead, Hunter Water developed a water conservation strategy and is required to report on water conservation components of the existing system operating arrangements for water storage and transmission.



Hunter Water has a long-term Catchment Management Plan¹⁵ for protecting and improving water quality in rivers and catchments.

The plan identifies activities that can be better controlled to manage risks to drinking water quality from climate change, development and population growth in the Lower Hunter.

The Catchment Management Plan provides priorities for sustainable catchment management and collaboration across stakeholder groups to ensure safe drinking water for the region.

Hunter Water receives around half of its water from Grahamstown Dam, an off-river storage primarily used to store water extracted from the Williams River. The catchment is made up of forested and pastoral land with pockets of urban developments and more intensive agriculture including poultry and dairy farms. Like most Australian rivers, the Williams River is highly influenced by climatic conditions and is consequently highly variable in flow and water quality. It is unlikely that a feasible ELWC could be developed for the catchment to water treatment system due to its complexity and lack of available data.

How can we be confident that efficient investments in conservation are being made at catchments, given the difficulty of measurement? If a formal economic approach is not feasible, we consider that the next Licence term should focus on maintaining and implementing Hunter Water's water conservation work program (subject to any required changes). Hunter Water developed its water conservation strategy in 2018 and a water conservation work program in 2019. Hunter Water should also report on its water conservation measures for transparency.

Calculating system yield

Clause 2.1.1 of the existing Licence requires Hunter Water to calculate the system yield, either in accordance with Hunter Water's memorandum of understanding (MoU) with the NSW Department of Planning, Industry and Environment (DPIE), or in accordance with a reasonable methodology that Hunter Water considers suitable. The Licence defines 'system yield' as the maximum amount of water that Hunter Water estimates can be supplied from water sources within its area of operations to its water treatment plants.

Estimating and forecasting system yield has become increasingly important as climate change impacts our ability to capture and store water. It is a critical input to the long-term management of water supply in the Lower Hunter region.

In the 2016-17 Hunter Water Licence Review, DPIE supported including this condition in the Licence to ensure that Hunter Water continued to estimate system yield, as it has done historically.¹⁶ Removal of the licence condition may see Hunter Water's efforts to calculate the system yield diminish. This would compromise Hunter Water's ability to sustainably manage water demand in a manner that responds to the community's expectations.

Water treatment plants to tap



Our preliminary position is to update the existing water conservation conditions for water treatment plants to tap

We propose to remove the now completed requirements to develop the ELWC methodology.

Clause 2.2 of the existing Licence (Water treatment plants to tap) considers water conservation requirements downstream of the water treatment plants, using an ELWC methodology. The methodology identifies whether it costs less to implement a water conservation initiative than the value of the water saved.

As a preliminary position, we consider it beneficial to retain the economic approach and extend the requirements to require Hunter Water to maintain and implement the ELWC, consistent with the Sydney Water Operating Licence. We consider that the requirements in Sydney Water's licence are outcomes-focused and incentivise efficient investment in water conservation, despite the documented failures to implement water conservation initiatives, discussed below.



The NSW Auditor-General's report ¹⁷ on water conservation in Greater Sydney found that Sydney Water did not implement initiatives identified as economic through applying the ELWC as required and was slow to respond to drought. It was the lack of planning that led to its water conservation initiatives being limited in response to the recent drought. The audit found that Sydney Water had not effectively used the agreed ELWC methodology to develop its water conservation program.

The 2020 Sydney Water operational audit also found that it failed to implement water conservation measures as required.¹⁸ The licence contravention was significant and aggravated by the fact it occurred during a period of sustained drought conditions.

We took enforcement action in response to Sydney Water's breach of its licence condition. We expect that Sydney Water will respond and take all necessary steps to implement its water conservation measures consistent with the licence requirements.

Hunter Water developed its ELWC methodology in 2019 and was further required to develop a rolling five-year conservation program. Some of the initiatives it developed included in the conservation program includes plumbing assistance, partnerships with local councils to identify water saving opportunities, and pressure management. Each initiative included in the work program had been assessed against the ELWC. The [2019 Hunter Water operational audit](#) found that Hunter Water was compliant with the water conservation obligations of the licence.

We seek your feedback to determine if the licence should now require Hunter Water to maintain and implement the water conservation measures identified as economic through the ELWC. If considered equally appropriate for Hunter Water, we would recommend the following requirements:

- Hunter Water would need to maintain a water conservation program and implement water conservation measures (it has already developed an ELWC methodology, as required in the existing Licence). This would maintain a focus on water conservation.
- The water conservation program/measures should be consistent with an appropriate method of economic water conservation. Hunter Water could use the ELWC method or another economic method approved by the Minister.
- Hunter Water would need to publish a copy of the economic method it uses on its website as well as the economic level of water conservation determined using the method and a plain English summary of the method, for greater transparency.
- Hunter Water would be required to review its level of water conservation periodically to ensure currency.
- The Licence would allow the Minister to direct Hunter Water to revise the methodology at any time. In such instances, Hunter Water would require the Minister's approval for the revised methodology before implementation.

We consider that it is appropriate that Hunter Water continues to report on water conservation.

We seek your comment



6. Do you agree with retaining the existing requirements in the Licence for Hunter Water to undertake and report on water conservation (where it stores and transmits water, before treatment), as follows:

- Retaining requirements to calculate the system yield?
- Focusing on maintaining and implementing the water conservation program?
- Continuing to not require an economic approach to water conservation?



7. Should the Licence include a condition to require Hunter Water to implement its economic approach to water conservation (when supplying treated water to customers)? We also propose including the following changes for greater consistency with the Sydney Water Operating Licence:
- Requirements to maintain a water conservation work program and implement water conservation measures?
 - A requirement for the water conservation work program/measures to be consistent with an appropriate economic method?
 - Publishing requirements for the economic method used and the current level of water conservation?
 - Requirements for Hunter Water to periodically review its economic level of water conservation?
 - Requirements allowing the Minister to direct Hunter Water to revise the methodology at any time and for the Minister to approve the revised methodology?



8. Should the Licence impose additional requirements on Hunter Water, or is there a more efficient way for Hunter Water to maintain a focus on water conservation?

2.2.2 Water planning

The NSW Government uses a whole-of-government approach to water planning. Planning for water availability in the Lower Hunter region is closely linked to the water conservation measures that Hunter Water is required to undertake.

The [2014 Lower Hunter Water Plan](#) is currently under [review](#), led by DPIE. Community feedback is being considered alongside technical work and analysis to develop a new draft plan (the draft Lower Hunter Water Security Plan). DPIE is responsible for monitoring and evaluating the implementation of the current plan annually.

The aim of the draft Lower Hunter Water Security Plan is to ensure the Lower Hunter region has a secure and adaptable water system, now and for future generations. The plan is a policy document and does not impose legislative conditions on Hunter Water. However, it acknowledges the key role of Hunter Water in leading water conservation initiatives in the existing Licence.

A formal approach to information sharing between policy makers and regulators could promote the long-term interests of customers, by encouraging better long-term planning and improving how inherent trade-offs between costs, health and environmental outcomes are balanced.¹⁹ Hunter Water has formed a cooperative relationship with DPIE in the implementation and review of the Lower Hunter Water Plan.

Requirements from the current memorandum of understanding between DPIE and Hunter Water include data sharing and implementation of the Lower Hunter Water Plan. We have discussed our preliminary position in section 4.2.2.

3 Hunter Water's obligations to its customers



3.1 Protecting customers' rights

Hunter Water is a monopoly supplier and provides services to almost 600,000 customers.²⁰ Having adequate measures to protect customers' rights is important. They prevent suppliers from potentially abusing their monopoly power and adversely affecting the quality and delivery of essential water and sewerage services.

The Licence includes terms and conditions that aim to ensure that a minimum level of customer service is provided to Hunter Water's customers and consumers (where relevant) and that they experience minimal financial loss. In the absence of licence requirement such as those set out below, Hunter Water may avoid offering consumer protections where it is not in their commercial interest to do so.

'Consumers' are defined in the Licence as 'any person who consumes or uses the services and includes, but is not limited to, a tenant or an occupier'. Hunter Water's 'customers' are the owners of land that is connected to a water or sewer main owned by Hunter Water. Tenants and occupiers are therefore not Hunter Water's customers.

The Licence includes a Customer Contract (in schedule B of the Licence) as well as the following provisions for protecting customers' rights:

- make services available to properties in its area of operations (clause 1.5.1)
- have policies in place for payment difficulties, including payment assistance and non-payment options (clause 5.3)
- have internal complaints handling procedures (clause 5.5)
- facilitate external dispute resolution (clause 5.6)
- provide information to customers and the general public (clause 5.7)

The Licence also extends some provisions of the Customer Contract to consumers in limited circumstances (e.g. complaints handling and resolution) (clause 5.2.1). Consumers may also benefit from other protections in the Licence (e.g. a tenant using Hunter Water's drinking water supply available at the property they are occupying).

Our preliminary position is to retain the provisions in the Licence for protecting customers' rights with some changes that mirror the Sydney Water Operating Licence. We seek your feedback to understand whether these Licence conditions remain necessary and if the proposed changes are beneficial for Hunter Water's customers and consumers.

We also seek your views on whether there are other more efficient ways for the Licence to ensure customers' rights are protected that are not considered in the existing Licence.

3.1.1 Customer billing

IPART's customer satisfaction surveys have shown that Hunter Water's performance has remained relatively stable since the survey began in July 2019.²¹ However, we have also had regard to publicly available information regarding customer complaints about Hunter Water. The 2020 Hunter Water annual report provides an overview of complaints received.²² The report shows that billing has been the largest portion of complaints received throughout the Licence period.

This is reinforced by complaint data reported by the Energy & Water Ombudsman of New South Wales (EWON). EWON receives complaints from Hunter Water's customers and publishes summary information in its [annual report](#).²³ A third of the complaints about Hunter Water in 2019-20 were about billing²⁴ - the largest category. This may indicate a need to better understand the cause of billing complaints.

During this Licence period, Hunter Water introduced a new water meter reading software aimed to improve billing accuracy and allow meter read quality checks.

IPART's [2019 Hunter Water operational audit](#) identified a need to increase internal checks to ensure accuracy of applied charges and reduce incorrect bills. Subsequently, Hunter Water implemented an updated billing system (in late 2020). We will test implementation of the new system at the next operational audit this year.

We seek your feedback on whether it would be beneficial for the Licence or Reporting Manual to impose requirements for customer billing. If so, we would seek more information to understand the nature of billing complaints and the likelihood that Hunter Water's new billing system will address them, before deciding to impose requirements.

We seek your comment



9. Should Licence conditions or reporting requirements be imposed on Hunter Water regarding customer billing? If so, what form should these take?

3.1.2 The Customer Contract



Our preliminary position is to recommend minimal changes to the existing Licence conditions that refers to the Customer Contract.

We propose to retain the Customer Contract conditions in the Licence but remove the requirement to provide a copy to IPART of any notice to vary the Customer Contract before publishing, as we do not require this.

The terms and conditions of Hunter Water's customer contract must be set out in the operating licence.²⁵

In addition to being a mandatory requirement of the Licence, we consider that the Customer Contract provides benefit because it sets out the terms and conditions for supply of services to its customers. The Customer Contract aims to ensure that customer service is provided at a quality that meets customers' expectations. The terms and conditions of the Customer Contract relate to, amongst other matters, the services that Hunter Water provides, what customers pay, billing arrangements, complaints handling and customer protection.

We have not identified many deficiencies in the Customer Contract. At this stage, we propose to look at improving drafting to provide greater clarity of Hunter Water's and customers' responsibilities.

We request that Hunter Water explain any changes it seeks for the Customer Contract in its submission. We will publish Hunter Water's submission on our website (see section 1.5). We will consider Hunter Water's proposal for any changes, and any other submissions to determine whether further changes are needed. We will include our response in the draft Customer Contract that we will release for public consultation in February 2022.

We do propose to remove the requirement in the existing Licence for Hunter Water to provide IPART with a copy of any notice of changes to the Customer Contract, before publishing. We do not require advance notice.

Rebates

The Customer Contract uses rebates to compensate affected customers and consumers for events that cause inconvenience. We will consider rebates in conjunction with the review of system performance standards and consider the recent Hunter Water customer survey outcomes. The customer survey included assessment of customer's preferences for service levels.

The Licence contains quality and system performance standards in relation to water quality, water continuity, water pressure and dry weather wastewater overflows onto private properties and Table 2 provides details of the corresponding rebates in the Customer Contract.

In their submission²⁶ to IPART's discussion paper *Lifting performance in the water sector*, Hunter Water noted that:

- trade-offs between cost and service quality are not informed by an understanding of customer willingness to pay

- there is limited scope in pricing processes for assessing whether customers got what they paid for or incentivising water businesses to understand their customers, then plan and act in their long-term interests.

Hunter Water will provide a draft Customer Contract in their submission to this Issues Paper (due by 8 October 2021) that you can review prior to making a submission (by 22 October 2021). In particular, we seek your feedback on whether the current rebates are well targeted and set at the right levels. (Please refer to section 1.5 for further information on how to make a submission, or view Hunter Water's submission.)

Table 2 Rebates in Hunter Water's Customer Contract

Category	Conditions
Unplanned interruptions	<p>(a) If you experience an unplanned interruption to your drinking water service (not including your recycled water service) of over five hours in duration between the hours of 5:00am and 11:00pm due to a failure of our water infrastructure, a rebate of 15 kilolitres will be applied to the water usage component of your next bill. You will receive this rebate for each of the first and second events that you experience in a financial year.</p> <p>(b) If you experience three or more unplanned interruptions to your drinking water service (not including your recycled water service) between the hours of 5:00am and 11:00pm in a financial year due to a failure of our water infrastructure, each exceeding five hours in duration, a rebate of 30 kilolitres will be applied to the water usage component of your next bill. You will receive this rebate for the third event that you experience in a financial year. (You will not receive any rebate under this clause for a fourth or subsequent event.)</p> <p>(c) If you experience one or more unplanned interruptions to your drinking water service (not including your recycled water service) of over five hours between the hours of 11:00pm and 5:00am due to a failure of our water infrastructure and provide details of the inconvenience caused, the unplanned interruption will be deemed to have occurred between the hours of 5:00am and 11:00pm for the purposes of paragraphs (a) and (b) above, and you will be eligible for the corresponding rebate. You should make initial contact via our General Enquiry Process.</p>
Planned interruptions	If you experience three or more planned interruptions to your drinking water service (not including your recycled water service) between the hours of 5:00am and 11:00pm in a financial year, each exceeding five hours in duration, a rebate of 15 kilolitres will be applied to the water usage component of your next bill.
Low water pressure	If we assess your property as having experienced low drinking water pressure due to a failure of our water infrastructure , a rebate of 15 kilolitres will be applied to the water usage component of your next bill. Only one rebate will be applied in a financial year.
Wastewater overflows	<p>(a) If you experience a dry weather wastewater overflow on your property in a financial year as a result of a failure of our sewerage system (not including shaft breaks), a rebate of 30 kilolitres will be applied to the water usage component of your next bill after the event. You will receive this rebate for the first event that you experience in a financial year.</p> <p>(b) If you experience two dry weather wastewater overflows on your property in the same financial year due to a failure of our sewerage system (not including shaft breaks), a rebate of 60 kilolitres will be applied to the water usage component of your next bill after the second event. You will receive this rebate for the second event that you experience in a financial year.</p> <p>(c) If you experience three or more dry weather wastewater overflows on your property in the same financial year due to a failure of our sewerage system (not including shaft breaks), a rebate of 270 kilolitres will be applied to the water usage component of your next bill(s) after the third event. You will receive this rebate for the third event that you experience in a financial year. (You will not receive any rebate under this clause for a fourth or subsequent event.)</p>
Dirty water	<p>(a) If you are not provided with clean drinking water suitable for normal domestic purposes, you should contact us on the Emergency (faults and leaks) Assistance Line.</p> <p>(b) We may provide compensation for damage caused by dirty drinking water (see clause 16.4) and we may refund you the cost of water used to flush your water system.</p> <p>(c) We will undertake an investigation of recurrent dirty drinking water problems to derive a long term solution.</p>
Boil Water Alert	If NSW Health issues a boiled water alert due to contamination of drinking water that has been caused by us, a rebate of 15 kilolitres will be applied to the water usage component of your next bill, if your property is within the declared boiled water alert area.

Source: Clause 16.2 of the Hunter Water Customer Contract, March 2019. Available at [Customer Contract](#)

Note: Bold terms are defined in the Customer Contract.

Consumers

In general, the Customer Contract does not apply to consumers as they are not parties to the Customer Contract. For example, Hunter Water would be in a contract with the landholder but any tenants occupying a property would not be party to the contract.

To protect the interests of such consumers, clause 5.2.1 currently extends the following parts of the Customer Contract to also apply to consumers in the same way that they apply to customers:

- Complaint handling and complaint resolution procedures.
- Redress (clause 16.3 of the Customer Contract) and claims for damages (clause 16.4 of the Customer Contract).

The Australian Consumer Law provides protections for consumers which apply across most sectors of the economy, including to the services supplied by Hunter Water.²⁷ These protections may compensate consumers for, amongst other matters, financial losses (e.g. from accidental property damage). However, we consider that consumers such as tenants should be afforded the same protections available to customers under the Customer Contract. Seeking redress under the customer contract is simpler and cheaper than seeking redress under the consumer law.

We seek your feedback on whether these protections should continue to apply to consumers and if any other parts of the Customer Contract should also apply to consumers. Our analysis will consider the relative costs and benefits of our recommended approach.

We seek your comment



10. Should the requirement for Hunter Water to provide notice to IPART of changes to the Customer Contract, before it publishes the notice in accordance with the Act, be removed from the Licence?



11. Regarding the Customer Contract:

- Are the rebates in the current contract well targeted and set at the right levels?
- Should any of the provisions of the Customer Contract, other than those already specified in clause 5.2.1 of the Licence, apply to 'consumers' who are not parties to the contract (e.g. tenants or property occupiers that are not landowners)?
- Do you support Hunter Water's proposed changes to the Customer Contract (that will be published as part of Hunter Water's submission to the Issues Paper after 24 September 2021)?

3.1.3 Obligation to make services available to properties



Our preliminary position is to retain the existing Licence condition for Hunter Water to make services available to a property

Retaining the Licence condition removes the risk of Hunter Water refusing to deal with a customer, given customers do not have many other options for water service providers.

Clause 1.5.1 of the existing Licence requires Hunter Water to make services available to properties in its area of operations, on request. Hunter Water is only able to refuse to connect requested services if it can demonstrate that a connection is not available, thereby avoiding unreasonable costs. In addition, Hunter Water has the power to impose any lawful conditions it sees fit on making services available to ensure the safe, reliable and financially viable supply of the services. Disconnection or limitation of services to customers will be in accordance with the Customer Contract.

We consider that retaining this condition is a necessary customer protection measure. If clause 1.5.1 is not in the Licence, there is a risk that Hunter Water may refuse to connect to properties even where there is a connection available. We consider that customers need to be protected from this occurring given that Hunter Water is a monopoly supplier and its customers generally do not have options for alternative suppliers. Hunter Water is able to manage the costs of connection to new customers by refusing connection where the network is not yet available and setting conditions that address the financial viability of a connection.

Hunter Water was compliant when we last audited clause 1.5.1 in the [2018 Hunter Water operational audit](#).

3.1.4 Payment assistance options



Our preliminary position is to retain the existing payment assistance conditions

Clause 5.3 of the Licence requires Hunter Water to maintain and fully implement payment assistance options and actions for non-payment. This includes:

- a policy that assists customers and consumers experiencing financial hardship to better manage their current and future bills
- procedures for payment plans for customers and consumers experiencing financial hardship
- procedures for identifying the circumstances under which Hunter Water may disconnect or restrict a supply of water in a manner that will impact customers and consumers
- provisions for self-identification, identification by community welfare organisations and identification by Hunter Water of customers and consumers experiencing financial hardship.

Retaining clause 5.3 of the Licence

Our preliminary position is to retain clause 5.3 as it is necessary to protect vulnerable customers and consumers experiencing financial hardship.

Without this condition, there is currently no other requirement on Hunter Water to maintain a financial hardship policy or implement procedures to help customers and consumers facing difficulties to pay their bills and retain their water service. Customers or consumers could be at risk of having minimal or no water service availability for basic hygiene and drinking water. Retaining this clause provides protection to all of Hunter Water's customers and consumers, regardless of their circumstances.

We propose to refine the current requirement by replacing references to 'financial hardship' with 'payment difficulties' as this is a more sensitive term that may encourage more customers to self-identify. This is in response to a submission by the Public Interest Advocacy Centre (PIAC) to the 2019 Sydney Water Licence Review. PIAC identified that consumers, even in circumstances of extreme financial distress, are unlikely to identify themselves as being in hardship.²⁸

Complying with this Licence condition is an ongoing operational cost for Hunter Water. We seek your feedback on the proposed change and benefits of retaining this Licence condition.

Including a new Licence requirement

We seek your feedback on including a new requirement for Hunter Water to provide information on the payment options available on the day that Hunter Water first identifies that a customer is experiencing payment difficulty.

Imposing this requirement could complement Hunter Water's existing Licence requirements to provide information on the payment assistance options available through its website and with customer bills. Greater awareness amongst customers of the customer protection measures available may increase the uptake by customers who require assistance. This requirement was included in Sydney Water's licence after the last review. This could result in additional costs to Hunter Water so we will consider the relative costs and benefits before recommending any new Licence condition for Hunter Water.

3.1.5 Family violence policy



Our preliminary position is to include a new family violence policy condition in the Licence to protect vulnerable customers and consumers. The policy would provide:

1. Protection for private and confidential customer information
2. Access to payment difficulty programs
3. Minimal reliance on individuals disclosing family violence
4. Processes for referrals to specialist services.

Water utilities' handling of personal information can directly affect a customer's safety. Customers and consumers experiencing family violence need to be confident that their personal information is secure. There should be no deliberate or inadvertent disclosure of such information to anyone associated with the perpetrator of abuse. Perpetrators of family violence often avoid responsibility for debts and leave their partners or former partners with substantial liabilities. Debt incurred through jointly held accounts is one of the most difficult issues for victims to resolve with financial institutions.²⁹ Having a family violence policy could help provide this security and would be best practice in customer protection.

The existing Licence does not include a requirement to implement a family violence policy. Including a new condition in the Licence to implement a family violence policy would be consistent with the Sydney Water Operating Licence, which was in turn informed by the requirements in the Victorian Essential Services Commission customer service codes.³⁰

We acknowledge that a new condition could result in additional cost to Hunter Water. However, in the interest of the customers, the condition may be included in the Licence if we determine that there is benefit.

3.1.6 Internal complaints handling



Our preliminary position is to retain the existing Licence conditions for internal complaints handling

The effective management and resolution of customers' and consumers' complaints helps protect their rights, particularly when they cannot change their service provider.

The Licence requires Hunter Water to undertake the following actions (under clauses 5.5 and 5.7):

- Maintain an internal complaints handling procedure for receiving, responding to and resolving complaints consistent with *Australian Standard AS/NZS 10002:2014 – Guidelines for complaint management in organisations*. On its website, EWON references using this standard for managing customer complaints.³¹
- Implement the internal complaints handling procedure.
- Publish information about the internal complaints handling procedure to its customers, free of charge, including information about how to make a complaint.

Our preliminary position is to retain these existing requirements to protect customers' and consumers' rights. Requiring Hunter Water to receive and respond to complaints helps to ensure that customer service is provided at a quality that meets customers' expectations. Without this clause, there is currently no other requirement on Hunter Water for internal complaints handling.

In the circumstance where customers do not have the choice of changing providers, we consider that requirements for effective complaints handling is the next best option. EWON's annual report showed that some of Hunter Water's customers raised issues with its customer service in 2019-20.³²

Hunter Water has been implementing the procedure and was compliant when we last audited this clause in the [2019 Hunter Water operational audit](#). There would therefore be no additional cost. However, we acknowledge that complying with this Licence condition is an ongoing operational cost for Hunter Water. We seek your feedback on the benefits of retaining this Licence condition.

We have not identified a need for additional reporting requirements.

3.1.7 External dispute resolution



Our preliminary position is to retain the Licence condition for Hunter Water to be a member of the Energy & Water Ombudsman of NSW (EWON) and publish information about referring customer or consumer complaints to EWON.

This is a good customer protection measure that allows customers and consumers to escalate complaints to an independent body.

Clause 5.6 of the Licence requires Hunter Water to be a member of EWON to facilitate the resolution of disputes between Hunter Water and its customers or consumers. Under clause 5.7, Hunter Water is required to inform customers and any other person about the external dispute resolution process, including customers' rights to have their complaints referred to EWON and how to contact EWON.

We consider that retaining these requirements supports the protection of customers and consumers' rights in an environment where they do not have a choice of provider. These requirements help ensure that customer service is provided at a quality that meets customers' expectations. Without these requirements in the Licence, there is currently no other requirement on Hunter Water to be a member of EWON.

If Hunter Water is not a member of EWON, customers would not have an avenue to escalate unresolved complaints. Publishing information about the external dispute resolution process empowers customers to access the process where they have been dissatisfied with using Hunter Water's internal complaint handling process.

The need for external complaints processes is supported in EWON's annual report which showed that customers were using this service to escalate complaints about Hunter Water in 2019-20.³³

Hunter Water was compliant when we last audited clause 5.6 in the [2020 Hunter Water operational audit](#) (we will audit clause 5.7 this year). There would therefore be no additional cost. However, we acknowledge that complying with this Licence condition is an ongoing operational cost for Hunter Water. We seek your feedback on the benefits of retaining this Licence condition. We have not identified a need for additional reporting requirements.

3.1.8 Providing information to customers



Our preliminary position is to retain a requirement to communicate customer protection measures but remove prescriptive references to 'pamphlets' in the existing Licence

This would allow Hunter Water more flexibility in how it communicates with its customers. Restricting Hunter Water to providing information in 'pamphlets' may not be cost-effective.

Currently, clause 5.7 of the Licence requires Hunter Water to prepare 'pamphlets' and other inserts to include in customers' bills regarding the Customer Contract, assistance options for financial hardship (payment difficulty), rebate claims, internal complaints handling, and the external dispute resolution service. This information must also be available for downloading from Hunter Water's website.

We consider that making this information available remains a necessary customer protection measure because it empowers customers to access processes that address their needs. However, requiring pamphlets to be produced may no longer be a cost-effective way of ensuring information is disseminated. Removing reference to 'pamphlets' allows Hunter Water more flexibility choose how it communicates important information to customers. This may be informed by customers' preferences, or by Hunter Water's assessment of the communication form that is most likely to get the public's attention. This change would be consistent with the Sydney Water Operating Licence and should pose no additional cost on Hunter Water.



We propose to require Hunter Water to communicate at least annually about:

- the types of account relief available to customers experiencing payment difficulty
- the rights of customers to claim rebates and the conditions of those rebates
- The ability of customers to enter into agreements with Hunter Water for the provision of services (that are not the standard Customer Contract).

Currently, clause 5.7 requires Hunter Water to publish information about these matters but does not require Hunter Water to actively promote them so that they are brought to their customers' attention.

Imposing these additional communication requirements will support the Licence conditions to protect customers' rights. For example, by increasing awareness of payment assistance options available for customers experiencing payment difficulties, at least annually there is greater likelihood for customers to seek these options when they need it. In the absence of this requirement it is likely that a large proportion of Hunter Water's customers remain unaware of the assistance available. However, we acknowledge that they may result in additional cost to Hunter Water. We will consider the relative costs and benefits before recommending any new Licence condition.

We seek your comment



12. Do you agree with our preliminary positions for maintaining or improving the Licence and reporting provisions for protecting customer rights, including:
- Retaining the existing condition requiring Hunter Water to make services available to properties, on request?
 - Retaining the existing condition to maintain and implement policies and procedures for assisting customers facing payment difficulties?
 - Including a new condition for Hunter Water to provide information to customers and consumers about payment assistance options on the date that Hunter Water first identifies that the customer is facing payment difficulty?
 - Including new condition to develop and implement a family violence policy?
 - Retaining the existing condition to maintain and implement an internal complaints handling procedure and communicate the procedure to customers?
 - Retaining the existing conditions to be a member of the Energy & Water Ombudsman of NSW (EWON) and publish information about referring customer complaints to EWON?
 - Updating the existing Licence conditions to improve how Hunter Water communicates its customer rights' protection policies?



13. Should the Licence include other requirements for protecting customers' rights?

3.2 Consulting with customers

The Act requires the Licence to include terms or conditions to maintain procedures under which Hunter Water is to consult with its customers at regular intervals in relation to the systems and services it provides.³⁴ We consider that it is important for the Licence to include such terms and conditions, not only because it is required by the Act, but because as a monopoly supplier, the best way for Hunter Water to determine its customers' preferences is through customer consultation. Hunter Water should consult with its customers to understand their views, priorities and needs, and this understanding should inform its decision-making.

The Licence currently requires Hunter Water to maintain and regularly consult with a broad cross-section of its customers through a Customer Advisory Group (CAG), under clause 5.4. However, we recognise that a CAG may not be the best model for Hunter Water to consult with its customers. Indeed, it is not the only customer consultation model.

The [2019 Hunter Water operational audit](#) found that Hunter Water uses a range of methods to improve community awareness and does not rely on its CAG consultations.

Hunter Water implemented a *Voice of the Customer* initiative to understand customer satisfaction with Hunter Water's delivery services, and customer's expectations about rebates for service failures. Hunter Water also tracked customer sentiment to determine if COVID-19 financial hardship measures were well received by customers through work with the Water Services Association of Australia. It did not do this engagement work through the CAG. We consider that the Licence should provide for innovation. It need not prescribe the CAG model unless that is the most beneficial model for customer consultation.

We seek your views on whether the licence conditions should provide for other options for Hunter Water to consult with a broad range of customers.

We seek your comment



14. In your view, should the licence allow for other options for how Hunter Water to effectively consult with a broad cross-section of customers about the systems and services it provides?

4 Commitment to quality processes and systems



4.1 Organisational management systems

The existing Licence requires Hunter Water to maintain and implement an Asset Management System (AMS), Environmental Management System and a Quality Management System. These management systems are not required by the Act.

We seek stakeholder feedback to understand the relative benefits of retaining or removing the Licence conditions requiring the management systems and if there are more efficient ways to achieve the same outcomes.

4.1.1 Asset Management System



Our preliminary position is to retain the conditions requiring an AMS

We propose to remove the reporting requirements to notify IPART of any proposed changes to the AMS and to submit a Strategic Asset Management Plan, to reduce administrative burden.

The Licence is the only instrument that currently requires Hunter Water to maintain an AMS. An AMS is a system for tracking, managing and maintaining assets. We consider that retaining the AMS is beneficial because the AMS helps Hunter Water:

- monitor asset performance, which determines its overall system performance
- meet objectives (such as the performance standards for service interruptions)
- identify and pre-empt issues that may pose a significant risk to asset integrity and/or public health

- keep records of maintenance activities, which is essential to track performance, optimise maintenance, and identify areas requiring frequent attention.

Further, in the absence of this Licence condition, our ability to monitor compliance with and enforce water quality standards (required by the Licence) would be compromised. This is because an AMS is fundamental to ensuring long-term safe operations and to identifying the root cause of poorly performing assets when required.

Clause 4.1 of the existing Licence requires the AMS to be consistent with *Australian Standard AS ISO 55001:2014*. We consider that AS ISO 55001:2014 remains an appropriate standard to require in the Licence.

We propose to remove the requirement to report on proposed changes to the AMS, consistent with Sydney Water's licence, to reduce administrative burden. We also propose to remove the existing reporting requirement to submit a Strategic Asset Management Plan (SAMP) to IPART once in the Licence term. These reporting requirements provides little additional benefit beyond the requirement to maintain and implement an AMS that meets the Australian Standard.

4.1.2 Environmental Management System

We seek your feedback to understand whether the Licence should retain the existing Licence requirement (clause 4.2) to maintain and implement an Environmental Management System (EMS) or if there is a more efficient way to minimise the risk of harm from Hunter Water's operations.

An EMS is a system to help utilities manage the environmental impacts caused by their services and activities and to improve their environmental performance.

Hunter Water's environmental performance is extensively regulated by the Environment Protection Authority (EPA) and DPIE. Hunter Water holds 17 environment protection licences (EPLs) issued by the EPA.³⁵ The licences set out conditions that relate to pollution prevention and monitoring. Hunter Water publishes pollution monitoring data to comply with its EPLs annually. Hunter Water also undertakes environmental impact assessment and approval processes to comply with the *Environmental Planning and Assessment Act 1979* (managed by DPIE) and is subject to Office of Environment and Heritage's (OEHS) NSW Climate Change Policy Framework.³⁶

Removal of this requirement in the Licence may result in Hunter Water failing to maintain an EMS. However, the requirement to develop an EMS as set out in the Licence imposes additional costs and may not provide benefits beyond the requirements set out by other regulators. We do not rely on Hunter Water's EMS to monitor their environmental performance. We recommended removing the requirement for an EMS in the Sydney Water Operating Licence Review for similar reasons.

4.1.3 Quality Management System



Our preliminary position is to remove the existing Licence and reporting conditions for a Quality Management System (QMS)

We consider that the existing Licence conditions to maintain, implement and notify changes with its QMS (under Licence clause 4.3) duplicate other parts of the Licence.

Hunter Water can maintain its Quality Management System without a Licence condition.

A QMS is a system that documents processes, procedures and responsibilities for achieving quality policies and objectives. A QMS is beneficial to maintain because it helps deliver quality services and outcomes to meet customers' expectations and regulatory requirements. However, we consider that other parts of the Licence (as listed below) will achieve the same objective of driving quality products and services.

These parts of the Licence include:

- water quality performance standards in the form of a DWQMS and RWQMS (discussed in section 2.1.1 of this paper)
- system performance standards (discussed in section 2.1.2) measured by asset performance supported by an AMS (discussed in section 4.1.1)
- customer service requirements specified in the Customer Contract and supported by customer protection measures in the Licence (discussed in section 3.1).

We recommended removing the requirement for a QMS in the Sydney Water Operating Licence Review for similar reasons. Hunter Water can still maintain its QMS if it considers it to be beneficial.

We seek your comment



15. Do you support our preliminary positions to update the Licence conditions requiring organisational system management by:
- Retaining the existing Licence condition for maintaining and implementing an Asset Management System (AMS)?
 - Removing the existing condition to report on the proposed changes to the AMS, and the requirement to submit the Strategic Asset Management Plan to IPART once in the Licence term?
 - Removing the existing Licence condition for maintaining and implementing a Quality Management System?



16. Do you consider that there is benefit in retaining requirements for an Environmental Management System or is there a more efficient way to minimise harm to the environment from Hunter Water's operations?

4.2 Stakeholder cooperation

The existing Licence contains requirements for Hunter Water to develop and/or maintain cooperative relationships with certain stakeholders through memoranda of understanding (MoUs) or other instruments. Unlike for other public water utilities, the Act does not require MoUs with specific stakeholders. However, the Licence requires them because they provide benefit. These arrangements promote alignment of Hunter Water's operations with the expectations of customers, Government and regulators. Generally, we consider MoUs to be cost effective ways for parties to establish effective working relationships. They provide flexibility and promote cooperative approaches to addressing issues of mutual concern,

We discuss the existing Licence conditions for these cooperative relationships below and seek your feedback on our preliminary positions for retaining or removing the existing MoUs. We are interested in your views on whether there is a more efficient way to achieve the same outcomes.

4.2.1 Memorandum of Understanding with NSW Health

Clause 5.9 of the Licence requires Hunter Water to use its best endeavours to maintain and comply with an MoU with NSW Health.



Our preliminary position is to retain the existing Licence conditions requiring an MoU with NSW Health.

NSW Health considers that the MoU is valuable. The MoU facilitates a clear relationship between Hunter Water and NSW Health

NSW Health is the lead agency on water-related public health incident response. We consider that the MoU with NSW Health is beneficial. The MoU recognises the role of NSW Health in providing advice to the Government about drinking water quality standards and the supply of water which is safe to drink. Removing this requirement may see Hunter Water's efforts to maintain an MoU which supports NSW Health's role diminish.

Ensuring a close and clear relationship between Hunter Water and NSW Health is important. To date, the parties to the agreement have been satisfied that the relationship works well for both parties. Early engagement with NSW Health indicates a preference to retain the existing Licence clause 5.9 to maintain and comply with the MoU.³⁷

The existing Licence condition sets out reporting obligations for Hunter Water to report matters relating to water quality. Timely reporting to NSW Health is critical to protecting customers. But these requirements are set out in Hunter Water's reporting manual along with other reporting requirements and we propose to remove them from this part of the licence.

Retaining the Licence condition while removing duplicative reporting requirements to NSW Health is consistent with the Sydney Water Operating Licence. We have explained the proposed changes in Table 3 below.

Table 3 Summary of our proposed changes to clause 5.9 of the existing Licence which requires the MoU with NSW Health

Our preliminary position	Explanation of proposed changes
Retain the Licence requirement to use best endeavours to maintain and comply with the MoU.	Licence clause 5.9, which requires the MoU, is outcomes-focused, flexible and focused on facilitating effective interaction between the two organisations.
Remove requirement for the MoU to include arrangements for Hunter Water to report to NSW Health on events that might pose a risk to public health (required under clause 5.9.3 of the Licence).	Section 3.2.1 of Hunter Water's reporting manual already requires it to immediately report events that pose a risk to public health to NSW Health, as part of its reporting for its Water Quality Management Systems. This includes any incident involving the delivery of its drinking water and recycled water services which may adversely impact public health. We seek your feedback to determine if the requirement for the MoU to include arrangements for Hunter Water to report to NSW Health on events that might pose a risk to public health is still necessary, given the reporting requirement might serve a similar purpose.
Remove requirement to report to NSW Health information about water quality (required under clause 5.9.4 of the Licence).	We consider that this requirement may be unnecessary as NSW Health can request water quality information from the water utilities under section 19 of the <i>Public Health Act 2010</i> . Further, it duplicates Hunter Water's existing reporting requirements for its Water Quality Management System, to publish water quality information and provide exception-based reports to NSW Health on its monitoring of water quality. These are required under section 3.1 of Hunter Water's reporting manual. This proposed approach is consistent with the Sydney Water Operating Licence.

We seek your comment



17. Do you support our preliminary position to retain the existing Licence condition requiring an MoU with NSW Health? Or is there a more efficient way to regulate this relationship?



18. If you support retaining a requirement for an MoU with NSW Health, what are your views on the following:

- Should the MoU continue to include reporting requirements to NSW Health, for events that might pose a risk to public health or are these adequately covered in the Reporting Manual?
- Should the Licence continue to include reporting requirements to NSW Health, about water quality, or is this adequately covered in the Reporting Manual and under *the Public Health Act 2010*?

4.2.2 Memorandum of Understanding with Department of Planning, Industry and Environment

Clause 5.10 of the Licence requires Hunter Water to use its best endeavours to maintain and comply with an MoU with DPIE.

The MoU with DPIE recognises DPIE's role in assessing options to address water supply security in the lower Hunter region. It explains Hunter Water's and DPIE's roles and responsibilities for reviewing and implementing the Lower Hunter Water Plan and for working together in calculating and reporting on the system yield from water sources in Hunter Water's area of operations.

As reported in the [2020 Hunter Water operational audit](#),³⁸ DPIE provided feedback that both parties were communicating effectively. Under the *Best Practice Licencing Framework*¹, retaining a requirement in the Licence may no longer be necessary.

Early engagement with DPIE indicates that it is not opposed to removing this requirement from the Licence. However, requirements from the current MoU, such as Hunter Water's responsibilities for data sharing and implementation of the Lower Hunter Water Plan, may need to be elevated to Licence conditions.³⁹ This approach would be consistent with the Sydney Water Operating Licence.

We seek your comment



19. Do you consider the MoU with DPIE is still necessary, and if not, are there aspects of the MoU that should still be regulated by Licence?

4.2.3 Memorandum of Understanding with Fire and Rescue NSW

Clause 5.11 of the Licence requires Hunter Water to use its best endeavours to maintain and comply with an MoU with Fire and Rescue NSW (FRNSW).



Our preliminary view is to retain the existing Licence condition for an MoU with FRNSW with minor changes, as it is beneficial.

We propose that Hunter Water should be required to include members on its working group (with FRNSW) from other organisations such as the NSW Rural Fire Service (RFS).

FRNSW is Sydney's urban fire and rescue service. Its purpose is to enhance community safety, quality of life, and confidence by minimising the impacts of hazards and emergency incidents on the people, property, environment and economy of NSW.⁴⁰

The MoU recognises Hunter Water's role in supplying water for firefighting purposes. The water supply network is one of several mechanisms affecting water availability for urban firefighting. Others include the maintenance and continuing provision for existing fire systems such as installed systems required by building codes. Hunter Water can contribute to improving fire safety by collaborating with FRNSW for better understanding by both parties of water availability needs for firefighting and water supply network limitations.

Clause 5.11 also requires the MoU to establish a working group to consider the matters specified in the Licence (e.g. providing a report to FRNSW about the network performance so FRNSW can understand availability of water for firefighting purposes.)

Early engagement with FRNSW indicates that FRNSW supports retaining the existing Licence clause 5.11. It also seeks to include the RFS in the working group.⁴¹ We agree with FRNSW and propose to specify the inclusion of additional members.

We seek your comment



20. Do you support our preliminary position to retain the requirement for an MoU with Fire and Rescue NSW (FRNSW) and to expand the membership requirements for the working group to include NSW Rural Fire Service? Or is there a more efficient way to regulate Hunter Water's relationship with FRNSW?

4.3 Engaging with private water utilities

In this section, we discuss retaining the existing terms and conditions in the Licence and Reporting Manual for making services available to private water utilities licensed under the *Water Industry Competition Act 2006* (WIC Act) and regulating negotiations between Hunter Water and WIC Act licensees. We also discuss potential new terms and conditions for Hunter Water to make servicing information about its water and wastewater systems available to WIC Act licensees and other competitors.

The WIC Act and *Water Industry Competition (General) Regulation 2008* were introduced to encourage private sector participation and competition in the supply of water and provision of sewerage services in NSW. This regulatory framework enabled a new type of water customer to emerge - WIC Act licensees. WIC Act licensees are private water utilities that can provide drinking water, recycled water and/or sewerage services to end-use (or 'retail') customers within their defined areas of operations.

We consider that the existing Licence conditions protect WIC Act licensees when they deal with Hunter Water as potential customers. The conditions also support the objectives of the WIC Act in encouraging private sector participation in the water industry. However, we seek your feedback to determine if similar outcomes can be achieved in a more efficient way.

4.3.1 Obligation to make services available to WIC Act licensees

Clause 1.5.2 of the Licence requires Hunter Water to make services available on request to WIC Act licensees in its area of operations. Hunter Water is only able to refuse to connect requested services if it can demonstrate that a connection is not available. Hunter Water retains the power to impose any lawful conditions it sees fit on making services available to ensure the safe, reliable and financially viable supply of the services.



Our preliminary position is to retain the existing Licence condition requiring Hunter Water to make services available to WIC Act licensees

Retaining the Licence condition removes the risk of Hunter Water refusing to deal with WIC Act licensees.

The Act does not require Hunter Water to make services available to WIC Act licensees. However, as with properties in its area of operations (see section 3.1.3), retaining the Licence condition requiring Hunter Water to do this removes the risk of Hunter Water refusing to deal with WIC Act licenses.

Box 2 What would be the impact of Hunter Water refusing to make services available to WIC Act licensees?

If Hunter Water were to refuse to provide services to WIC Act licensees, or to provide services in a way that may not be optimal for the WIC Act licensee's operations, this could act as a barrier to competition. It could discourage potential competitors from entering the market to supply water or sewerage services and/or reduce the ability of WIC Act licensees (or potential competitors) to effectively compete with Hunter Water.

4.3.2 Negotiating in good faith

We seek your feedback to determine whether there is benefit in including a requirement in the Licence for Hunter Water to negotiate with WIC Act licensees and potential competitors in 'good faith', to protect them when engaging with Hunter Water.

Box 3 What does 'acting in good faith' mean?

By 'acting in good faith', we mean Hunter Water acting:

- honestly (including not providing false information or concealing material facts)
- fairly and reasonably, having regard to the interests of the other party (but not to the extent of subordinating its own interest)
- consistently with the objectives of the Licence, including the objective of providing services in a way that does not prevent or hinder competition.

While the cost of such a licence requirement is likely to be minimal, we acknowledge that the cost of monitoring compliance with the condition could result in additional cost for Hunter Water. We will consider the relative costs and benefits before recommending any new Licence condition.

4.3.3 Establishing a code of conduct



Our preliminary position is to retain the existing Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct

We propose to specify that any requests from a WIC Act licensee to establish the code need to be in writing.

The existing Licence clause 5.8.1 requires Hunter Water to use its best endeavours to cooperate with WIC Act licensees seeking to establish a code of conduct required under the relevant WIC Act licence. The code of conduct could set out the respective responsibilities of Hunter Water and the WIC Act licensee for various matters, such as repair and maintenance, water quality, and liability in the event of unavailability of water or in the event of infrastructure failure⁴². The requirement provides WIC Act licensees and Hunter Water with certainty where their operations overlap. It ensures that the safety of customers and the environment are protected by setting out each party's responsibilities for ongoing safe operations and in the event of an incident.

Retaining this Licence condition would be consistent with the Sydney Water Operating Licence. In the absence of a water industry code of conduct that applies on an industry-wide basis, WIC Act licensees who have infrastructure that interconnects to Hunter Water's infrastructure are required, under the conditions of their licences, to establish a code of conduct with Hunter Water. This Licence condition supports the requirements on the WIC Act licensees.

We consider that the requirement for Hunter Water to use best endeavours remains appropriate because it is not wholly within Hunter Water's control to establish such a code of conduct.

4.3.4 Publishing servicing information to WIC Act licensees and competitors

We seek your feedback on whether it is beneficial to require Hunter Water to publish servicing information. We explain what we mean by 'servicing information' in Box 4 below.

This would be a new condition in Hunter Water's Licence. We consider that there is benefit in including this condition. It would address an asymmetry in information which would support competition in the market by enabling WIC Act licensees and potential competitors to make decisions about potential investment. This in turn could reduce the need for Hunter Water to invest in expensive large network assets. However, the requirement could impose resourcing requirements on Hunter Water. We therefore seek feedback to understand whether the cost is justified by the benefits.

Box 4 What servicing information could Hunter Water be required to publish?

The corresponding condition in the Sydney Water Operating Licence requires Sydney Water to publish short to medium term servicing information (covering at least 10 years) for each major water and wastewater system. This servicing information includes:

- current and projected demand
- current and projected capacity constraints
- indicative costs of alleviating or deferring capacity constraints
- locations where further investigation is needed
- key sources of information used to develop the servicing information where those sources are publicly available.

Publishing servicing information for a short to medium term rather than a 20 or 30-year horizon reduces the risk of long-term speculative investment. .

4.3.5 Reporting requirements for dealing with WIC Act licensees

Our preliminary position is that Hunter Water should report annually on matters, such as the number of agreements established with WIC Act licenses and the time taken to respond to information requests. This would be a new reporting requirement and is consistent with the Sydney Water Reporting Manual.

The proposed reporting requirement would allow the effectiveness of the proposed licence conditions (for providing servicing information to WIC Act licensees or competitors) to be monitored. The reporting requirement in combination with the requirement to provide information should provide a favourable environment for competition for servicing new growth areas in Hunter Water's area of operation.

We seek your comment



21. Do you support the following measures for protecting potential competitors when dealing with Hunter Water or is there a more efficient way of achieving the same outcome:
- Retaining the Licence condition to make services available to WIC Act licensees?

- Including a new Licence condition to negotiate with WIC Act licensees and 'potential competitors' in good faith?
- Retaining the Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct?
- Including a new Licence condition to publish servicing information to WIC Act licensees and competitors?
- Including a new reporting requirement to report annually on matters, such as the number of agreements established with WIC Act licenses and the time taken to respond to information requests.

5 Administration

The administrative aspects of the Licence are necessary but likely to be of least relevance to customers



5.1 Licence structure



Our preliminary position is to recommend a Licence with a structure similar to the Sydney Water Operating Licence

We consider that the proposed structure would promote transparency of Hunter Water's operational activities, make the Licence easier to use and provide greater consistency with other public water utility operating licences.

We seek your feedback on our proposed Licence structure which is intended to:

- make it easier for stakeholders to understand Hunter Water's operations, identify their areas of interest, and locate the relevant Licence clauses, and
- improve the efficiency and effectiveness of compliance and compliance monitoring for Hunter Water and IPART.

Table 4 below outlines our proposed amended structure and indicates where the existing Licence clauses would fit within this structure (assuming these clauses are retained in the new Licence).

Table 4 Explanation of where the existing Licence conditions, if retained, would fit under our proposed structure for the new Licence

Proposed parts in the new Licence	Corresponding existing Licence clauses (2017-2022)	
1. Licence context	1.1 Objective of this Licence 1.3 Term of this Licence 1.4 Licence amendment 1.6 Non-exclusive Licence 1.7 Making copies of this Licence available	1.8 Pricing 1.9 End of term review 1.10 Notices
2. Licence authorisation	1.2 Licence authorisation	1.5 Obligation to make Services available
3. Water conservation and planning	2.1 Catchment to water treatment plants	2.2. Water treatment plants to tap
4. Performance standards for water quality	3.1 Drinking Water	3.2 Recycled Water
5. Performance standards for service interruptions	3.3 System performance standards (water pressure, water continuity and wastewater overflow standards)	4.1 Asset management system
6. Customers and consumers	5.1 Customer Contract 5.2 Consumers 5.3 Payment difficulties and actions for non-payment 5.4 Customer advisory group 5.5 Internal Complaints Handling	5.6 External dispute resolution scheme 5.7 Provision of information to Customers and the general public
7. Stakeholder cooperation	5.9 MoU with NSW Health 5.10 MoU with DPIE	5.11 MoU with Fire and Rescue NSW
8. Information and services for competitors	5.8 Code of Conduct with WIC Act Licensees	
9. Organisational management systems	4.2 Environmental management system	4.3 Quality management system
10. Performance monitoring and reporting	6.1 Operational audits 6.2 Reporting Manual	6.3 Provision of information to IPART and Auditor
11. Definitions and interpretations	7.1 Definitions	7.2 Interpretation
12. Schedules	A – Area of operations	B – Customer Contract

5.2 Licence objectives



Our preliminary position is to modify the existing objectives as follows:

The objectives of this Licence are to:

a) authorise and require Hunter Water, within its area of operations, to:

- i. supply water
- ii. provide sewerage services and drainage systems, and
- iii. dispose of wastewater

b) to set efficient and effective terms and conditions, including quality and performance standards, that require Hunter Water to provide services in a way that does not prevent or hinder competition.

Our preliminary view is to modify the existing Licence objective (in clause 1.1.1) to link more closely to Hunter Water's principal functions as described in the Act. This is consistent with the approach taken to the Sydney Water Operating Licence.

Any licence (or other regulatory instrument) should clearly set out its objectives. Ideally, the objectives should describe the outcomes the licence is intended to achieve. This would help people understand why specific conditions have been included in the Licence.

5.3 Pricing



Our preliminary position is to retain the pricing condition

We propose no change to the pricing condition in the existing Licence. The Act requires it and we consider that the existing condition is outcomes-focused.

The Act requires the Licence to include terms and conditions about pricing.⁴³ The existing Licence includes one clause (clause 1.8) which sets out Hunter Water's obligation to set prices subject to the terms of the Licence, the Act and IPART's price determinations. The clause aims to protect customers by ensuring that prices are not excessive.

We propose no change to clause 1.8 because we consider that it is clear and well-aligned to the Act and IPART's price determinations.

We seek your comment



22. Do you agree with our preliminary positions of:

- Revising the Licence structure to be consistent with the Sydney Water Operating Licence?
- Revising the Licence objectives to more closely reflect Hunter Water's principal objectives under the Act?
- Retaining the existing pricing condition?

5.4 Other parts of the Licence



Our preliminary position is to retain, and make some necessary minor amendments to, other parts of the Licence

We consider that the following parts of the Licence are working effectively, but we may recommend minor amendments and clarifications in the draft Licence:

- Licence authorisation (clause 1.2) – this clause specifies what the Licence authorises, and in some cases requires, Hunter Water to do.

- Term of this Licence (clause 1.3) – this clause specifies the term of the Licence. At this stage we propose that the new Licence would be issued for a term of 5 years from 1 July 2022.
- Non-exclusive Licence (clause 1.6) – this clause states that the Licence does not prohibit another person from providing services in Hunter Water's area of operations that are the same as, or similar to, Hunter Water's services, if the person is lawfully entitled to do so.
- Making copies of this Licence available (clause 1.7) – this clause requires Hunter Water to make a copy of the Licence available to any person free of charge, on its website and upon request.
- End of term review (clause 1.9) – this clause states when the next review of the Licence is expected to occur.
- Notices (clause 1.10) – this clause provides the contact details for IPART and Hunter Water, for sending any notices or communication under the Licence.
- Performance monitoring and reporting (Part 6 of the Licence) – this part of the Licence includes Hunter Water's responsibilities for IPART's operational audits and for reporting in accordance with the Reporting Manual.

The Licence currently includes a map in Schedule A of Hunter Water's area of operations. Under clause 5.7.2 of the Licence, Hunter Water is required to publish the map on its website and make it available to any person on request. We propose that the Licence should include a new requirement for Hunter Water to update the map when any changes to the area of operations occur. This is a minor change that would be consistent with the requirements on other public water utilities to help people easily identify what localities are included in the area of operations.

We seek your comment



23. Do you have any other issues or concerns you would like to raise relating to the Hunter Water Licence?

6 Full list of questions for your comment

We have included the full list of questions, asked in this Issues Paper, for your comment below:

1.	Do you agree with retaining the existing drinking and recycled water quality management conditions, with an explicit Licence condition to comply with any requirements specified by NSW Health?	11
2.	Is there an alternative water quality standard that we should consider when looking for the most cost-effective option for ensuring health and environment outcomes?	11
3.	What are the benefits and costs of including a condition in the Licence for Hunter Water to comply with the <i>NSW Code of Practice for Fluoridation of Public Water Utilities Supplies</i> ?	11
4.	Do you have any comments on retaining the existing system performance standards but revise the levels of service specified in the Licence? Should the level of service be set at an optimal level that reflects customers' willingness to pay for higher levels of performance?	13
5.	Are there other standards that the Licence should include to hold Hunter Water to account for the levels of service it provides to the community?	13
6.	Do you agree with retaining the existing requirements in the Licence for Hunter Water to undertake and report on water conservation (where it stores and transmits water, before treatment), as follows: <ul style="list-style-type: none"> – Retaining requirements to calculate the system yield? – Focusing on maintaining and implementing the water conservation program? – Continuing to not require an economic approach to water conservation? 	17
7.	Should the Licence include a condition to require Hunter Water to implement its economic approach to water conservation (when supplying treated water to customers)? We also propose including the following changes for greater consistency with the Sydney Water Operating Licence: <ul style="list-style-type: none"> – Requirements to maintain a water conservation work program and implement water conservation measures? – A requirement for the water conservation work program/measures to be consistent with an appropriate economic method? – Publishing requirements for the economic method used and the current level of water conservation? – Requirements for Hunter Water to periodically review its economic level of water conservation? – Requirements allowing the Minister to direct Hunter Water to revise the methodology at any time and for the Minister to approve the revised methodology? 	18
8.	Should the Licence impose additional requirements on Hunter Water, or is there a more efficient way for Hunter Water to maintain a focus on water conservation?	18
9.	Should Licence conditions or reporting requirements be imposed on Hunter Water regarding customer billing? If so, what form should these take?	20

10.	Should the requirement for Hunter Water to provide notice to IPART of changes to the Customer Contract, before it publishes the notice in accordance with the Act, be removed from the Licence?	23
11.	Regarding the Customer Contract:	23
	<ul style="list-style-type: none"> – Are the rebates in the current contract well targeted and set at the right levels? – Should any of the provisions of the Customer Contract, other than those already specified in clause 5.2.1 of the Licence, apply to 'consumers' who are not parties to the contract (e.g. tenants or property occupiers that are not landowners)? – Do you support Hunter Water's proposed changes to the Customer Contract (that will be published as part of Hunter Water's submission to the Issues Paper after 24 September 2021)? 	
12.	Do you agree with our preliminary positions for maintaining or improving the Licence and reporting provisions for protecting customer rights, including:	29
	<ul style="list-style-type: none"> – Retaining the existing condition requiring Hunter Water to make services available to properties, on request? – Retaining the existing condition to maintain and implement policies and procedures for assisting customers facing payment difficulties? – Including a new condition for Hunter Water to provide information to customers and consumers about payment assistance options on the date that Hunter Water first identifies that the customer is facing payment difficulty? – Including new condition to develop and implement a family violence policy? – Retaining the existing condition to maintain and implement an internal complaints handling procedure and communicate the procedure to customers? – Retaining the existing conditions to be a member of the Energy & Water Ombudsman of NSW (EWON) and publish information about referring customer complaints to EWON? – Updating the existing Licence conditions to improve how Hunter Water communicates its customer rights' protection policies? 	
13.	Should the Licence include other requirements for protecting customers' rights?	29
14.	In your view, should the licence allow for other options for how Hunter Water to effectively consult with a broad cross-section of customers about the systems and services it provides?	30
15.	Do you support our preliminary positions to update the Licence conditions requiring organisational system management by:	33
	<ul style="list-style-type: none"> – Retaining the existing Licence condition for maintaining and implementing an Asset Management System (AMS)? – Removing the existing condition to report on the proposed changes to the AMS, and the requirement to submit the Strategic Asset Management Plan to IPART once in the Licence term? – Removing the existing Licence condition for maintaining and implementing a Quality Management System? 	
16.	Do you consider that there is benefit in retaining requirements for an Environmental Management System or is there a more efficient way to minimise harm to the environment from Hunter Water's operations?	33
17.	Do you support our preliminary position to retain the existing Licence condition requiring an MoU with NSW Health? Or is there a more efficient way to regulate this relationship?	35

18.	If you support retaining a requirement for an MoU with NSW Health, what are your views on the following:	35
	<ul style="list-style-type: none"> – Should the MoU continue to include reporting requirements to NSW Health, for events that might pose a risk to public health or are these adequately covered in the Reporting Manual? – Should the Licence continue to include reporting requirements to NSW Health, about water quality, or is this adequately covered in the Reporting Manual and under <i>the Public Health Act 2010</i>? 	
19.	Do you consider the MoU with DPIE is still necessary, and if not, are there aspects of the MoU that should still be regulated by Licence?	36
20.	Do you support our preliminary position to retain the requirement for an MoU with Fire and Rescue NSW (FRNSW) and to expand the membership requirements for the working group to include NSW Rural Fire Service? Or is there a more efficient way to regulate Hunter Water's relationship with FRNSW?	37
21.	Do you support the following measures for protecting potential competitors when dealing with Hunter Water or is there a more efficient way of achieving the same outcome:	40
	<ul style="list-style-type: none"> – Retaining the Licence condition to make services available to WIC Act licensees? – Including a new Licence condition to negotiate with WIC Act licensees and 'potential competitors' in good faith? – Retaining the Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct? – Including a new Licence condition to publish servicing information to WIC Act licensees and competitors? – Including a new reporting requirement to report annually on matters, such as the number of agreements established with WIC Act licenses and the time taken to respond to information requests. 	
22.	Do you agree with our preliminary positions of:	44
	<ul style="list-style-type: none"> – Revising the Licence structure to be consistent with the Sydney Water Operating Licence? – Revising the Licence objectives to more closely reflect Hunter Water's principal objectives under the Act? – Retaining the existing pricing condition? 	
23.	Do you have any other issues or concerns you would like to raise relating to the Hunter Water Licence?	45

Appendices



A Contextual information

This section provides contextual information for the Review, specifically on the following matters:

1. Who is Hunter Water?
2. Why does Hunter Water need a Licence?
3. Why are we reviewing the Licence?
4. What will we consider in the Review?
5. Who will this Review affect?

A.1 Who is Hunter Water?

Hunter Water is a State Owned Corporation (SOC), wholly owned by the NSW Government and governed by an independent Board of Directors. It operates under the *Hunter Water Act 1991* (the Act) and the *State Owned Corporations Act 1989*.

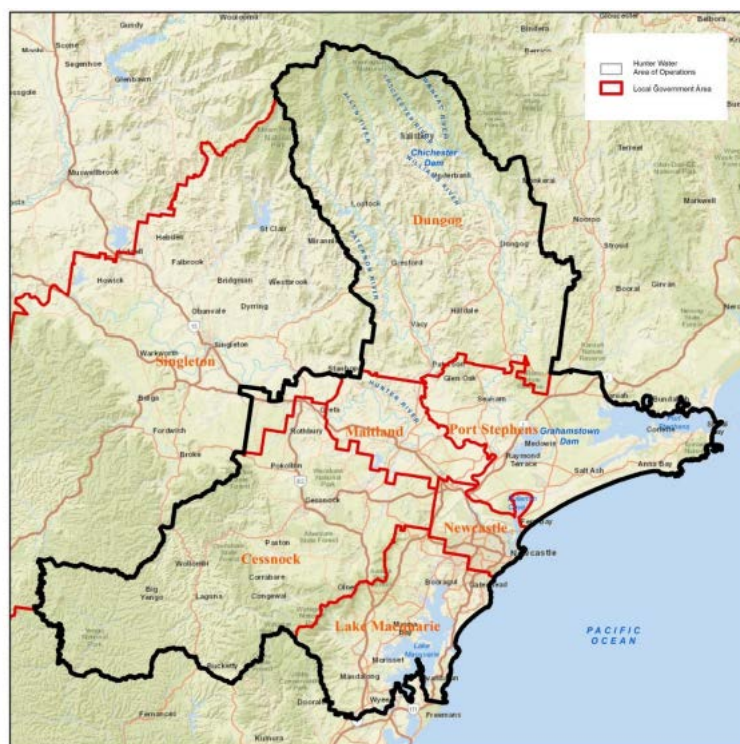
Hunter Water provides drinking water, wastewater, recycled water and some stormwater services to a population approaching 600,000 people in homes and businesses across the lower Hunter. As a vertically integrated water utility — an operator and a retailer — Hunter Water manages the water and wastewater systems from catchment to tap to provide safe, reliable and efficient services.

Hunter Water provides services to the geographic area defined by the boundaries of 6 local government areas:

- Cessnock City Council
- Dungog Shire Council
- Maitland City Council
- Lake Macquarie City Council
- Newcastle City Council
- Port Stephens Council.

Hunter Water also provides services to part of Singleton Shire Council's local government area, supplies bulk water to small parts of the Great Lakes area, and can sell up to 35ML per day to the Central Coast.⁴⁴

Figure A.1 Map of Hunter Water's area of operations



Source: Schedule A of the 2017-22 Hunter Water Operating Licence

A.2 Why does Hunter Water need a Licence?

Supply of water is an essential service that is regulated in most developed countries. Water supply businesses are commonly government-owned, public utilities and are usually monopoly suppliers within geographic regions. Several large utilities in NSW, including Hunter Water, were corporatised during the early 1990s as part of wider microeconomic reform of the NSW public sector.

The Licence was originally established in 1992 to ensure Hunter Water, as a new corporation, would not exploit its natural monopoly position. The existing Licence is the 6th licence held by Hunter Water since it was established as a SOC in 1991.

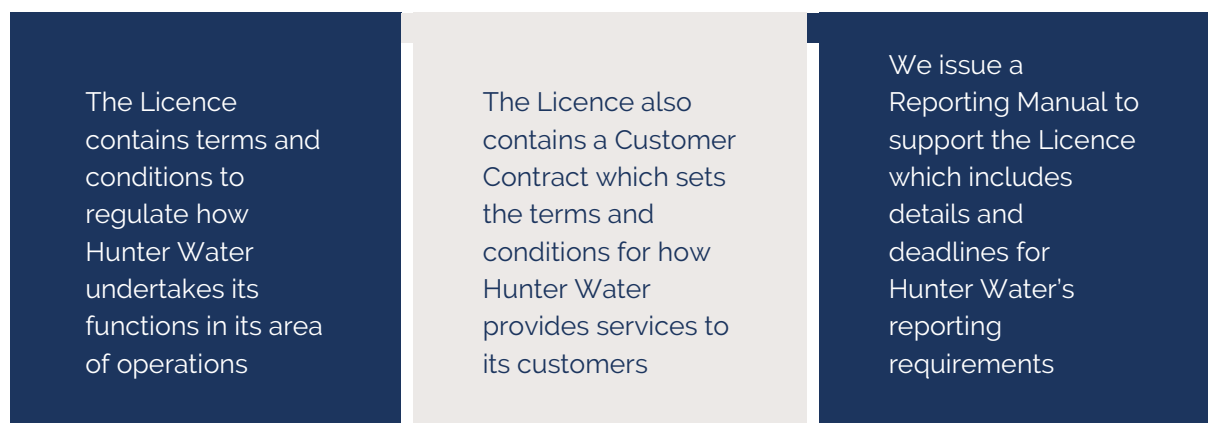
The Licence enables and requires Hunter Water to provide, construct, operate, manage and maintain systems and services for:

- supplying water
- providing sewerage and drainage services
- disposing of wastewater

in a defined area of operations in the Hunter region.

The Licence is an enforceable instrument and is subject to a compliance monitoring regime with penalties for contravention. The Licence has already been subject to a number of public reviews, conducted by IPART. We last reviewed the Licence in 2017. The existing Licence operates from 1 July 2017 to 30 June 2022. We are responsible for administering the operating licence including the functions of monitoring, auditing and reporting to the Minister on compliance.

Hunter Water's Licence is supported by a Customer Contract, the terms and conditions for which are set out in the Licence, and a Reporting Manual. The Reporting Manual was established so that procedural matters associated with the Licence could be more easily updated.



A.3 Why are we reviewing the Licence?

The current Licence term will end on 30 June 2022 and contemplates an end-of-term review prior to expiry. We are conducting this Review to assess whether the existing Licence is fulfilling its objectives. As part of the Review, we investigate any issues that have arisen during the Licence term and may recommend amendments to the Licence to address the issues we identify. We will consider the findings of our concurrent review of [How we regulate the water businesses](#) to inform our recommendations. This end-of-term review will help ensure the Licence remains current and reflects changes in public expectations, best practice and Hunter Water's circumstances.

If the Minister accepts our recommendations, the Minister will endorse the new Licence for approval by the Governor of NSW.



The current Licence term will end on 30 June 2022

To continue undertaking its functions, Hunter Water must have a new Licence or the current Licence term must be renewed by 1 July 2022.

A.4 What will we consider in the Review?

The Review will consider Hunter Water's regulatory framework, including the Act and other applicable regulatory instruments. We will also have regard to Hunter Water's objectives, issues that have arisen during the current Licence term, and other public water utility operating licences.

The findings of our review of *How we regulate the water businesses* will inform our recommendations. This review will help us to identify the most efficient way the licence can achieve its outcomes, maximising the benefit for customers and minimising the costs.

A.4.1 Licence requirements from the Act

The Act specifies terms and conditions that the Licence **must** include, and others that the Licence **may** include.

As the existing Licence is a mature licence,² it already includes terms and conditions addressing the requirements of the Act, as shown in Table A.1 and Table A.2 below.

Table A.1 Terms and conditions that the Act states the Licence must include and corresponding terms and conditions in the existing Licence

Terms and conditions that the Act states must be included in the Licence	Relevant section of the Act	Terms and conditions in the existing Licence or customer contract that meet the requirement of the Act
The Licence must require Hunter Water to provide, construct, operate, manage and maintain efficient, co-ordinated and commercially viable systems and services for supplying water, providing sewerage services and disposing of waste water.	13(1)(a)	Licence clause 12 – Licence authorisation Licence clause 15 – Obligation to make services available
The Licence must require Hunter Water to provide, operate, manage and maintain a drainage service within a specified capacity.	13(1)(b)	Licence clause 12 – Licence authorisation
The Licence specifies quality and performance standards for water quality, service interruptions, price levels and any other relevant matters.	13(1)(c)	Licence clause 18 – Pricing Part 3 of the Licence – Supply services and performance standards (including performance standards for drinking water quality, recycled water quality, water pressure standard, water continuity standard and dry weather wastewater overflow standard)
The Licence must require Hunter Water to maintain procedures to consult with its customers at regular intervals about the provision of systems and services referred to in section 13 of the Act.	13(2)	Licence clause 5.4 – Customer advisory group
The Licence must set out the terms and conditions of a customer contract.	35(1)	Licence clause 5.1 – Customer Contract Schedule B – Customer Contract
A customer contract must specify the contract charges, or how Hunter Water determines the contract charges, for the provision of water or sewerage services.	35(3)	Schedule B – Customer Contract, clause 9 – What You Pay

² The 2017–22 Operating Licence is the 6th licence Hunter Water has held since it was established in 1991.

Table A.2 Terms and conditions that the Act states the Licence may include and corresponding terms and conditions in the existing Licence

Terms and conditions that the Act states may be included in the Licence	Relevant section of the Act	Terms and conditions in the existing Licence or customer contract that meet the requirement of the Act
The Licence specifies how the Licence may be amended.	14	Licence clause 1.4 – Licence amendment
The Licence specifies the area of operations for Hunter Water.	16	Licence clause 7.1 – Definitions Schedule A – Area of Operations
The Licence may confer functions on the IPART in connection with operational audits.	18B	Licence clause 6.1 – Operational audits
The Licence may include terms and conditions for determining the cost of carrying out the operational audits (without limitation).	18D(2)	<i>No terms and conditions in existing Licence</i>
The Licence may specify how Hunter Water is to, following variation of a customer contract, make available to the public copies of the contract and associated explanatory material.	38(5)	Licence clause 1.7 – Making copies of this Licence available Schedule B – Customer Contract, clause 2.6 – Variation of this Customer Contract?
The Licence may specify the basis for fixing contract charges, availability charges, environmental levies and rates.	39(1)	Licence clause 1.8 – Pricing
The Licence may require Hunter Water to impose an availability charge on the owner of land that is not connected to a water main or sewer main but to which a main is available for connection.	43(1)	<i>No terms and conditions in existing Licence</i>
The Licence may require Hunter Water to impose an environmental levy on owners of land that is not connected to a water main or sewer main (whether or not a connection is available) but to which Hunter Water proposes to make a sewer main available.	45(1)	<i>No terms and conditions in existing Licence</i>
The Licence may require Hunter Water to make and levy rates on the owners of land within a drainage area in the area of operations.	46	<i>No terms and conditions in existing Licence</i>

A.4.2 Requirements under other legislation

The Licence is not the only regulatory instrument that applies to Hunter Water. We will consider other regulatory requirements imposed on Hunter Water to ensure that we are not duplicating requirements and imposing an unnecessary regulatory burden on Hunter Water.

Because of the essential nature of the services that Hunter Water provides and their potential health and environmental impacts, Hunter Water is subject to regulatory oversight by other departments and agencies, including NSW Health, EPA, DPIE and OEH.

We work closely with the other government departments and agencies and will liaise with them throughout the Review.

A.4.3 Hunter Water's objectives

As part of the Review, we will consider if Hunter Water is meeting its objectives and how the Licence can help Hunter Water achieve them.

The Act⁴⁵ and the *State Owned Corporations Act 1989*⁴⁶ prescribe Hunter Water's principal functions and objectives. Hunter Water has its own corporate objectives as well.⁴⁷

A.5 Who will this Review affect?

As this Review may result in amendments to the existing Licence, it may directly affect the operation of Hunter Water. The following stakeholders would also be affected by this Review because they have direct relationships with Hunter Water under the Licence:

- all customers and consumers of Hunter Water's water, sewerage, stormwater and recycled water services, particularly where there are amendments to Hunter Water's customer contract
- some licensees under the *Water Industry Competition Act 2006*, and
- NSW Government agencies that Hunter Water has cooperative relationships with (NSW Health, Fire and Rescue NSW and DPIE).

¹ IPART, *A best practice approach to designing and reviewing licensing schemes*, prepared by PricewaterhouseCoopers, March 2013.

² Our approach to compliance is detailed in our *Compliance and Enforcement Policy*, December 2017.

³ IPART, *Audit Guideline – Public Water Utilities*, July 2019.

⁴ This is consistent with the approach in NSW Treasury, TPP 17-03, NSW Government Guide to Cost-Benefit Analysis, March 2017, p 10, available at: <https://arp.nsw.gov.au/tpp17-03-nsw-government-guide-cost-benefit-analysis/>.

⁵ *Hunter Water Act 1991*, section 13(1)(c)

⁶ *Hunter Water Act 1991*, section 13(1)(c)

⁷ *Public Health Act 2010*, section 15.

⁸ *Public Health Act 2010*, section 16.

⁹ *Public Health Act 2010*, section 25 and *Public Health Regulation 2012*, clause 34.

¹⁰ *Public Health Act 2010*, section 25(3).

¹¹ Australian Water Association, *Water Recycling Fact Sheet*, accessed on 20 August 2021. Available at http://www.awa.asn.au/Documents/Water_Recycling_Fact_Sheet.pdf

¹² This is a requirement of the Hunter Water Act, s 13(1)(c)

¹³ IPART, *Review of the Hunter Water Corporation Operating Licence*, Final Report, May 2017, page 48

¹⁴ IPART, *Review of the Hunter Water Corporation Operating Licence*, Final Report, May 2017, page 33

¹⁵ Hunter Water Catchment Management Plan, 2011. Available at: [Hunter Water Catchment Management Plan \(https://hwc-web.s3-ap-southeast-2.amazonaws.com/\)](https://hwc-web.s3-ap-southeast-2.amazonaws.com/)

¹⁶ IPART, *Review of the Hunter Water Corporation Operating Licence*, Final Report, May 2017, page 32.

¹⁷ Audit Office of NSW, *Water conservation in Greater Sydney*, Performance Audit, June 2020, page 2.

¹⁸ IPART, *Sydney Water 2020 operational audit*, Report to the Minister, March 2021.

¹⁹ IPART, *Lifting Performance in the water sector*, Discussion paper, May 2021, section 7.

²⁰ Hunter Water, *Our Business*, available at <https://www.hunterwater.com.au/about-us/our-business>.

²¹ IPART, *Water Utility customer satisfaction survey*, 29 June 2021, available at <https://www.ipart.nsw.gov.au/Home/Industries/Water/Compliance/Fact-Sheet-Water-Utility-customer-satisfaction-results>

²² Hunter Water, *Hunter Water Annual Report 2020*, November 2020, page 110-111.

²³ Energy and Water Ombudsman NSW, *Annual Report 2019/2020, Responsive and resilient*, available at [AnnualReport_19-20_WEB.pdf \(ewon.com.au\)](https://www.ewon.com.au/AnnualReport_19-20_WEB.pdf)

²⁴ Hunter Water, *Compliance and Performance Report*, September 2018, page 76. Available at: <https://hwc-web.s3-ap-southeast-2.amazonaws.com/assets/src/uploads/documents/Other-Reports/Regulatory-Reports/Compliance-and-Performance-Report-2017-18.pdf>.

²⁵ *Hunter Water Act 1991*, section 35.

²⁶ Hunter Water, *Lifting Performance in the Water Sector, Response to IPART's Discussion Paper 1, Regulating Water Businesses Special Review*, June 2021

²⁷ Schedule 2 of the *Competition and Consumer Act 2010* (Cth) provides protections for consumers which apply across most sectors of the economy, including to the services supplied by Hunter Water.

²⁸ PIAC submission to IPART draft licence package, 19 February 2019, p 3-4.

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- ²⁹ ESC, 'Moving Towards Better Practice – Implementing family violence in the Victorian water sector', May 2017, available at: [proposed-customer-service-code-changes-moving-towards-better-practice-20170706-v4.pdf](https://www.esc.vic.gov.au/water/codes-and-guidelines/customer-service-codes) (esc.vic.gov.au).
- ³⁰ ESC, customer services codes, available at: <https://www.esc.vic.gov.au/water/codes-and-guidelines/customer-service-codes>.
- ³¹ Energy and Water Ombudsman NSW, Commitment resources – Information and accessibility, available at: [Commitments resources - NSW Ombudsman](https://www.ewon.com.au/commitments-resources).
- ³² Energy and Water Ombudsman NSW, Annual Report 2019/2020, Responsive and resilient, available at [AnnualReport_19-20_WEB.pdf](https://www.ewon.com.au/annual-report-19-20-web.pdf) (ewon.com.au).
- ³³ Energy and Water Ombudsman NSW, Annual Report 2019/2020, Responsive and resilient, available at [AnnualReport_19-20_WEB.pdf](https://www.ewon.com.au/annual-report-19-20-web.pdf) (ewon.com.au).
- ³⁴ *Hunter Water Act 1991*, section 13(2).
- ³⁵ Environment protection licences are issued by the Environment Protection Authority under the *Protection of the Environment Operations Act 1997*.
- ³⁶ OEH, *NSW Climate Change Policy Framework*, available at <https://www.environment.nsw.gov.au/topics/climate-change/policy-framework>.
- ³⁷ Early engagement meeting between NSW Health and IPART on 13 April 2021.
- ³⁸ IPART, *Hunter Water Corporation Operational Audit 2020*, Report to the Minister, March 2021.
- ³⁹ Email to IPART, Director, Metropolitan Water Strategies, received 23 July 2021.
- ⁴⁰ Fire and Rescue NSW, *Welcome to Fire and Rescue NSW*, <https://www.fire.nsw.gov.au/>.
- ⁴¹ Email to IPART, from Fire and Rescue NSW, received 22 June 2021.
- ⁴² cl 25 of the *Water Industry Competition (General) Regulation 2008*, where the portfolio Minister may, by order published in the Gazette, establish a code of conduct in relation to the respective responsibilities of licensed network operators, licensed retail supplier and public water utilities. To date the Minister has not established a water industry code of conduct.
- ⁴³ *Hunter Water Act 1991*, sections 13(1)(c) and 39.
- ⁴⁴ Hunter Water, *Growth Plan, Funding and delivery of growth infrastructure*, version 3, March 2021. Available at: <https://www.hunterwater.com.au/documents/assets/src/uploads/documents/Building-and-development2/growth-maps/Growth-Plan.pdf>
- ⁴⁵ *Hunter Water Act 1991*, sections 4A and 12.
- ⁴⁶ *State Owned Corporations Act 1989*, section 20E.
- ⁴⁷ Hunter Water, *Towards 2024: To be a valued partner in delivering the aspirations for our region*, page 5, available at https://issuu.com/hunterwater/docs/towards2024_business_plan?fr=sMDMzOTE0MjE3MTM.

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