

Submission:

Sydney Water Operating  
Licence Review 2023-24

## Council of the Ageing (COTA) NSW

COTA NSW is the peak body representing people over 50 in NSW. We're an independent, non-partisan, consumer-based, non-government organisation. We work with politicians, policy makers, service and product providers, as well as the media to ensure the views and voices of older people are heard and acted on.

### **Our work is to:**

- inform
- educate
- engage and mobilise
- research and advocate

### **We work with:**

- communities across NSW
- service & product providers
- government
- the media

## Acknowledgement of Country

COTA NSW acknowledges the unique status of Australia's First Peoples as the original people of this land. We recognise their cultures, histories and ongoing relationship and obligations to the land, sky and waterways.

In the spirit of reconciliation, COTA NSW acknowledges all traditional custodians of the lands we today know as New South Wales.

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## Introduction

Council on the Ageing (COTA) NSW welcomes the opportunity to submit comments on the ***IPART Sydney Water Operating Licence Review 2023-2024***.

COTA is the peak organisation for people over 50 in NSW. We're an independent, consumer-based non-government organisation. People aged 50+ represent a third of Sydney's population<sup>1</sup> and are a critical and valued component of Sydney Water's customer and consumer base. It is most important that the views, concerns, and contributions of older people are heard and acted on, particularly with respect to essential services like drinking and wastewater utility.

Our policy positions and advocacy are informed by regular ongoing engagement with older people. Most recently two key pieces of research were undertaken that are relevant to this submission.

In 2023, COTA NSW released the report, *What's Important to You* that was based on an detailed survey and focus groups. This consultation revealed that the issues of most concern were, integrity in government, care for the environment, and funding for essential services including, energy and water utilities.<sup>2</sup>

In 2023, the National Federation of COTA released the *State of the (Older) Nation 2023* report (third edition), is a nationally representative study that tracks the experiences and views of Older Australians.<sup>3</sup> Older Australians reported increasingly feeling like things are getting worse for them, fewer feel financially secure, and more are reporting difficulties accessing government services – with experiences even worse among vulnerable people. Importantly for the IPART review, the report found the senior demographic did not vary significantly from the average populace. Around 22% of the respondents were renters, with many of these in financially and socially vulnerable positions. Additionally, of the proportion whose primary source of income was a government pension, 34% were renters.

As the cost of living continues to rise, older Australians are becoming increasingly pessimistic about their financial prospects, with fewer now seeing themselves as very financially secure. Older Australians who report being in a poor financial situation are particularly affected, with financial stress being the key reason for feeling like things are getting worse (59% mentioned this, compared to 31% in the previous survey). Additionally, 53% of respondents had one or

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<sup>1</sup> ABS Census 2021. (8/2022) Retrieved from: <https://www.abs.gov.au/statistics/people/population/regional-population-age-and-sex/latest-release>

<sup>2</sup> COTA NSW (2022) *50+ Report – What's important to you?* Retrieved from: [https://www.cotansw.com.au/fifty\\_reports/whats-important-to-you/](https://www.cotansw.com.au/fifty_reports/whats-important-to-you/)

<sup>3</sup> COTA Federation (2023). *State of the Older Nation 2023*. Retrieved from: <https://cota.org.au/policy/state-of-the-older-nation/>

more vulnerability indicators (low personal annual income (\$1 - \$30k per capita), a disability, speaking a language other than English, identifying as Aboriginal and Torres Strait Islander, experienced domestic violence, bereavement, or homelessness in the past year) while over 18% reported having overdue bills due to payment difficulties (up from 12% in 2018).

The results of these COTA research initiatives provide important insights for decision makers and the broader populace to be cognisant of the diversity of older people's experiences, socio economic background and stage of life, to ensure that all older people are heard and that decisions are not made based on inaccurate stereotypes. Indeed, as the recently published 2023 Intergenerational Report identifies, with the Australian population expected to grow and age, there will be an increased demand for reliable and high-quality water services, especially in urban areas.<sup>4</sup>

## Discussion paper feedback

### Overview

- Pg. 5. *“Sydney Water is a natural monopoly”* is an ambiguous opening statement. It implies the ‘monopoly’ was an inevitable evolution, yet it is an historical legacy that has prevailed from the founding MWS&DB. To suggest it exists naturally ignores the parallel monopolies that once prevailed in the telecommunications (Telecom) and electricity (Sydney County Council) utilities, that now are serve Sydney with a range of competing companies. Private firms are already operating assets like salination plants and enclave water supply/recycling networks. Many overseas cities are served by competing water services.
- Pg. 5. a. (i) *“store or supply water”*, should read *“store and supply water”*
- Pg. 5. b. (iii) *“does not prevent or hinder competition”* ... somewhat contradicts *“natural monopoly”* assertion above??

### Principles

- Pg. 7. *“Principle # 3 Supporting the pricing framework”* *“where customers want it and are willing to pay for it”*, it is unclear how water conservation fits in here - if customers don't want water conservation and are not willing to pay for it, then it would appear there is no scope for water conservation strategies. Sydney Water is already disincentivised to save water via its pricing framework (see pg. 28. first paragraph). A suggestion to

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<sup>4</sup> Commonwealth of Australia (2023). *Intergenerational Report 2023* (Page 72). Retrieved from: <https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf>

reword so that actual savings on willingness to pay (WTP) can be promoted. This is a fundamental problem with WTP approach (cf Ability to Pay approach)

- Pg. 8. “*Principle # 4 Focusing on Outcomes*”, these outcomes should be long term as well (i.e. investments) .... In the recent past, focus was only on short term achievements and led to the current problem of an outdated network and urgent need for a LTCOP for replacement and expansion.

### Water quality standards

- Pg. 14. “*1.1 Water Quality Standards*”, our concern is that the ADWG often lags the science. Greater emphasis should be given to the health considerations/requirements. Scientific research and detection technologies are making rapid advances with respect to microplastics, (viral) pathogens, pharmaceuticals, and personal care products (PPCP), pesticides, endocrine disrupting compounds (EDC) and other emerging chemicals (EC). The fact that many of these cannot be removed with current cheap technologies or disinfections should not be a driver for the operating licence conditions. NSW has a poor history of tolerating carcinogenic materials in the environment (lead in soil, PFAS in groundwater) when in the “too hard” basket.
- Pg. 17. “*1.1.2 Reporting Requirements for Water Quality Monitoring*” (Public) reporting informs on performance, compliance, achievability of (licence) conditions, and validation of CBA. Minimum levels should be maintained to provide sufficient data for evaluation.

### System performance standards

- Pg. 18. “*1.2 ...We will also consider: Sydney Water’s historical and expected levels of performance*” .... But these will need to be qualified against ageing infrastructure. Falling performance may be manifest in poor replacement and upgrade performance over recent decades, only now becoming evident in leaks, breakages, etc.  
  
*“Sydney Water’s provisions to guard against repeat service interruptions and whether they provide the right level of protection for individual customers across the network” ...* there must acknowledgment that some areas are more prone to impact (e.g. Guildford area), such as Sydney Basin geography. Any standards or accountability levels may not be uniformly distributed, spatially, or temporally.
- Pg. 19. 1.2.1 Reporting performance. Currently Sydney Water is not required to publish its performance report - should be challenged. Given its monopoly status, it is impossible for customers to ‘shop around for a better deal’, unlike superannuation funds or energy providers, who report performance indicators and provide choice of fund/supplier.

Furthermore, boiled water notices should be added as a performance indicator. These notices are particularly onerous upon seniors who may struggle with the physicality, cost, and storage impositions of such events.

### Asset Management

- Pg. 20. 1.3 Asset management System: *“If there was a high-risk incident or a non-compliance, we would be able to readily audit Sydney Water’s AMS to identify the cause of the issue”*. An AMS is by design meant to prevent high risk incident and any non-compliance. It would be unlikely therefore that an audit would immediately detect probable cause. An external (independent) review of the AMS would be beneficial.
- *“the strategies and expected costs of future investment in assets”* ... also include benefits (against costs), including environmental, technical, and social.

### The Current Economic Method

- Pg. 28. 2.1 Water Conservation and Efficiency: *“Sydney Water is not currently incentivized through the water pricing framework to conserve water as it would decrease income.”* ... it follows that customers are similarly not incentivised to conserve water due to pricing tiers (the more you use, the cheaper it gets). Seniors are generally very good at minimizing water usage, yet they are penalised by subsidising high volume users via the sliding price scales.

### Long-term water planning

- Pg. 31. 2.2 Long Term Water Planning: *“Sydney Water should cooperate in any review of the Greater Sydney Water Strategy and comply with Ministerial directions to implement specific actions”*. *“There are over 20 actions allocated to Sydney Water in the Greater Sydney Water Strategy implementation plan 2022-2025”*. Our query relates to the costing of these actions, and whether they have been considered against Sydney Water’s customers’ willingness to pay?
- Reference is made to ‘consider the long-term interests of customers’ but these are never explained. Long-term interests will vary significantly between demographic groups. It is unclear what proportion of income is allocated to ‘long-term’ investment and the decision-making framework that will provide costing justification. Future investment, particularly the amount of funding, is of concern to the senior demographic. Intergenerational planning and investment is understood and accepted with infrastructure, but it needs to be carefully balanced, fair, and reasonable.

## Data Sharing

- Pg. 35. Data Sharing: Data sharing should be encouraged. Data (and metadata) should be free for non-commercial uses (under licence). Where possible, data exchange should be facilitated via transfer standards such as GIS formats.

## Climate risk readiness

COTA NSW acknowledges the importance of ensuring that Sydney Water infrastructure is upgraded and maintained to a standard to withstand the challenges that Climate Change will exact upon the state and the country. This will require significant investment that may result in increased charges to consumers. It is important therefore that vulnerable customers are provided with financial supports that are commensurate with any increase in bills.

## Sydney Water's obligations to its customers

- Pg. 49. Sydney Water's obligations to its customers: *"Sydney Water may not offer consumer protections where it is not in its commercial interest to do so" ....* This may contravene existing legislative entities under Australian Consumer Law and enforceable through the ACCC and others. These protections over-ride any expectation Sydney Water may have in prioritizing its commercial interests at the expense of consumer rights.
- Pg. 53. 4.1.1 Consumers: *"The Customer Contract does not apply to consumers as they are not parties to the Customer Contract"*. This is explicit in the Water Act and any change to this arrangement (e.g. To include tenants as customers) would require a political resolution. The fact the operating licence is currently departing from this arrangement and, indeed, proposing to extend even further these arrangements may be of concern.
- *"We consider that these provisions should be continued to protect consumers. In addition, the provisions of the Customer Contract allowing customers to seek redress ... should be extended to consumers"* It is of concern that IPART is assuming a mandate to evolve the Customer Contract from what is stipulated in the Water Act to encompass entities it deems deserved. It is unclear what the drivers for this autonomous reform are? Will industrial and commercial consumers be afforded the same privileges? The primary driver would appear to be "vulnerable (residential?) tenants" but the proposed changes would include non-vulnerable (residential and commercial) tenants. Such all-inclusive approach may be susceptible to exploitation (and therefore a cost back to paying customers).

- “For example, the licence could instead require Sydney Water to prepare a separate document specifically targeted at consumers”, the process is unclear - is the usage invoice being billed to the tenant’s name rather than the property as defined in the Act. If this is so, what happens if the tenant vacates under debt. Is the outstanding debt portable with the ex-tenant, or does it revert back to the property (landlord) debt? Many self-funded retirees rely upon investment property rental income and need surety in returns rather than dealing with debt trading or property covenants.

Some of these proposals may also be impacted by the current NSW Residential Tenancies Act 2010.

### Family violence policy

- Pg. 60. 4.1.4 Family Violence policy: It is suggested that to extend this policy to include elder abuse, especially financial.

### Consulting with customers

- Pg. 64. 4.2 Consulting with Customers: COTA NSW, as a member of the CCRG, fully endorses the aims and functions of the reference group.
- Pg. 73. 6.1.2 Memorandum of understanding with FRNSW: Older people may experience decreased mobility and greater periods spent in the home, and as such have a heightened expectation that firefighting capabilities of FRNSW are maintained at a premium. Any policies or actions, such as data sharing, that facilitate effective and timely firefighting capabilities would be supported.

Thank you for the opportunity to provide comment.