



Hunter Water Operating Licence Review

OCTOBER 2021

Response to IPART's Issues Paper



Acknowledgement of Country

Hunter Water operates across the traditional country of the Awabakal, Birpai, Darkinjung, Wonaruah and Worimi peoples. We recognise and respect their cultural heritage, beliefs and continuing relationship with the land, and acknowledge and pay respect to Elders past, present and future.

Mariin Kaling - All for Water



Saretta Fielding


Saretta

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KEY MESSAGES

 IPART's preliminary position	Our assessment	 Comment
Water quality management systems		
Retain the existing Licence conditions for water quality management systems	✓	We agree with adding an explicit condition to comply with any “reasonable” requirements specified by NSW Health
System performance standards		
Retain system performance standards for water continuity, water pressure and wastewater overflows, as in the existing Licence, but revise the specified levels of service	✓	We propose retaining four of the five standards. We will provide our proposed thresholds in early November 2021 following consideration of cost-benefit analysis and equity considerations.
Water conservation and planning		
Update the existing Licence conditions for catchment to water treatment to maintain a focus on water conservation.	✓	Support
Update the existing water conservation conditions for water treatment plants to tap to remove the completed requirement to develop the ELWC methodology	✓	Support
Obligations to customers		
Recommend minimal changes to the existing Licence conditions that refer to the Customer Contract	✓	Agree. Our proposed changes to the Customer Contract seek to facilitate ease of use for both our people and our customers.
Retain the existing Licence condition for Hunter Water to make services available to a property	✓	Support
Include a new family violence policy condition in the Licence to protect vulnerable customers and consumers	✓	Support. We have already undertaken work in this area, including domestic and family violence awareness training for our specialised customer assistance team
Retain the existing Licence conditions for internal complaints handling	✓	Do not oppose
Retain the Licence conditions to be a member of EWON and publish information about referring customer or consumer complaints to EWON	✓	Support, but would prefer an outcome-based clause rather than mandating membership of a specific scheme
Retain a requirement to communicate customer protection measures but remove prescriptive references to ‘pamphlets’ in the existing Licence	✓	Support. This will allow us flexibility to use communication channels preferred by customers
Require Hunter Water to communicate at least annually about account assistance, rights to claim rebates and enter into non standard agreements	✓	Support

 IPART's preliminary position	Our assessment	 Comment
Commitment to quality processes and systems		
Retain the conditions requiring an asset management system	✓	Support
Remove the existing Licence and reporting conditions for a Quality Management System and Environmental Management System	?	We consider that maintaining EMS and QMS requirements is in our stakeholders' best interests
Stakeholder cooperation		
Retain the existing Licence conditions requiring an MoU with NSW Health	✓	Support
Retain the existing Licence condition for an MoU with FRNSW with minor changes	✓	Support
Retain the existing Licence condition requiring Hunter Water to make services available to WIC Act licensees	✓	Do not oppose, and note there have been no new requests in recent years
Retain the existing Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct	✓	Do not oppose
Administration		
Recommend a Licence with a structure similar to the Sydney Water Operating Licence	✓	Support
Modify the existing objectives of the Licence to link more closely to Hunter Water's principal functions as described in the Act	✓	Support, with minor rewording compared with IPART's proposal
Retain the pricing condition	✓	Support. This is required content under the <i>Hunter Water Act 1991</i>

1. INTRODUCTION

The operating licence, issued by the NSW Government and administered by the Independent Pricing and Regulatory Tribunal (IPART) enables and requires Hunter Water to provide water, wastewater and stormwater drainage services within its area of operations. The operating licence makes Hunter Water accountable to the NSW Government for its performance, and supports the three primary policy objectives relating to the protection of public health, consumers, and the environment.¹

The *Hunter Water Act 1991* describes terms and conditions that must be included in the licence:²

- Provision of services in an efficient, co-ordinated and commercially viable manner,
- Compliance with quality and performance standards, and
- Interactions with customers and consumers, such as customer service and consultation.

The Act also confers functions on IPART in relation to monitoring and auditing compliance with the requirements of the licence.³

Hunter Water's current operating licence came into effect on 1 July 2017 and expires on 30 June 2022.

Hunter Water welcomes the opportunity to work with IPART, other regulating bodies, stakeholders and the community in developing a new licence to apply from 1 July 2022.

¹ IPART, 2014(a), page 2.

² *Hunter Water Act 1991* (NSW), Sections 13.

³ *Hunter Water Act 1991* (NSW), Sections 18 A-D.

2. PERFORMANCE STANDARDS

This section describes how Hunter Water currently manages drinking water quality and recycled water quality, and governance arrangements. It also discusses the service levels that customers can expect from Hunter Water, the role of water conservation in balancing water supply and demand and Hunter Water's role in water planning.

2.1. Quality standards

2.1.1. Water quality standards

Retaining Licence requirements for a Drinking Water Quality Management System

Hunter Water is committed to always providing our customers with high quality, safe drinking water. Safe drinking water is Hunter Water's highest priority and is essential for the health and wellbeing of our community and the future prosperity of the region.

Our Drinking Water Quality Management System (DWQMS) involves a 'multiple barrier approach' to protecting drinking water quality from catchment to tap and is crucial for ensuring we address the elements of the Australian Drinking Water Guidelines (ADWG). The Operating Licence provides NSW Health the ability to supplement or depart from the ADWG where considered appropriate.

Our view is that retaining a requirement in the Operating Licence for a DWQMS ensures an ongoing focus on drinking water quality that is consistent with the level of priority we place on water quality outcomes. IPART compliance monitoring of the DWQMS plays an important assurance role, helping drive continual improvement of the system, and provides transparency to the community about Hunter Water's water quality performance.

The existing licence requirements for a Recycled Water Quality Management System are efficient

Providing recycled water services reduces demand on the potable water system, deferring other investment needed to service growth or manage drought. We consider recycled water use to be an important part of providing a resilient water system. The Lower Hunter Water Security Plan proposes that Hunter Water increases recycled water use for non-drinking by 1.3 billion litres through new and expanded recycled water schemes.

The Recycled Water Quality Management System (RWQMS) ensures we manage recycled water schemes in a way that protects human health, the environment and complies with customer agreements as well as the Australian Guidelines for Water Recycling (AGWR).

We agree with IPART that retaining a licence requirement to maintain and implement an RWQMS is an efficient way to ensure health and environmental outcomes consistent with the AGWR.

We are not aware of an alternative standard that is of equivalent standing or applicability that could help Hunter Water provide these outcomes more cost-effectively. As is the case for drinking water, the licence provides NSW Health the ability to request or enable Hunter Water to depart from the AGWR where considered appropriate.

Clarifying that Hunter Water must comply with NSW Health's written requirements

Hunter Water recognises the key role of NSW Health in helping achieve positive health outcomes. Our Operating Licence and Memorandum of Understanding (MoU) currently requires us to carry out our water supply activities to the satisfaction of NSW Health and enables departure from the guidelines where appropriate.

We agree with IPART that there would be no additional burden placed on Hunter Water by explicitly clarifying this requirement in our licence. However, consideration should be given in the licence that we must comply with "reasonable" requests or requirements – recognising NSW Health's existing powers under the Public Health Act.

As IPART has suggested, it is important that these requests are provided in writing, because it eliminates the possibility of misunderstanding and creates a transparent and auditable requirement. An element for IPART to clarify is whether this new Operating Licence clause would specify water quality requirements, or be general and capture any health-based requirement.

Fluoridation performance should be assessed under the existing DWQMS clauses, rather than in a separate licence requirement

Water fluoridation is an effective preventative public health measure to reduce dental decay. Hunter Water recognises the importance of our role in providing this health outcome to our community. The *Fluoridation of Public Water Supplies Regulation 2017* refers to and requires Hunter Water to comply with elements of the *Code of Practice for Fluoridation of Public Water Supplies* (Fluoridation Code). Achieving the desired health outcome relies on providing sufficient fluoridation over a long-term horizon.

We currently submit a fluoride monitoring report monthly to NSW Health under the Fluoridation Code and our Operating Licence Reporting Manual (Reporting Manual) requirement. We work closely with NSW Health on a range of issues, including managing performance against the Fluoridation Code.

We do not support IPART's proposal to add a new separate licence requirement to comply with the Fluoridation Code. If IPART seeks to audit fluoridation performance, this should be done as part of auditing our DWQMS and the existing requirement to fully implement the system and carry out activities to the satisfaction of NSW Health. We consider this the appropriate mechanism for monitoring and evaluating all water quality analyte performance, including fluoride.

Most existing water quality reporting requirements are generally net beneficial and fit-for-purpose

Hunter Water considers that these reports generally provide a net benefit to our community and we support retaining them as part of our Reporting Manual. We describe our position in Table 2.1.

Table 2.1 *Hunter Water's position on water quality reporting requirements in the Reporting Manual*

Reporting requirement	Our position	Reason
Incident and emergency reporting to NSW Health	✓	Immediate reporting of events is essential for ensuring they are managed appropriately
Monthly fluoridation report	✓	Retaining this as a requirement in the Reporting Manual imposes no additional costs on Hunter Water
Monthly water quality monitoring report	✓	Monitoring water quality is crucial for ensuring we continue to supply safe drinking water. Publishing a monthly report provides transparency to stakeholders, holds us accountable for performance on an ongoing basis, and ensures we meet the requirements of multiple elements of the ADWG
Quarterly exception report	✓	The quarterly exception reporting process helps Hunter Water understand where we have had deviations from the ADWG, and enables communication with NSW Health about these exceptions in a formal and organised manner. Reporting and monitoring of exceptions plays an important role in helping ensure public health outcomes are met.
Annual water quality management compliance and performance report	?	This prescriptive set of reporting requirements may not be efficient. ⁴ In section 7.2.1, we provide an explanation for our general position on annual compliance and reporting requirements. Below we comment on one area for stakeholder consideration: annual water quality reporting requirements.

⁴ The requirements are detailed in clause 3.1.4 of the Reporting Manual:

<https://www.ipart.nsw.gov.au/sites/default/files/documents/reporting-manual-hunter-water-operating-licence-2017-2022-%E2%80%93-july-2018.pdf>

Hunter Water must report annually on the water quality management activities and programs, completed and proposed, to meet water quality objectives (Reporting Manual clause 3.1.4).⁵ We believe the prescriptive template table provided in Appendix D of the Reporting Manual results in cumbersome communication of the information.

To inform possible improvement, we would like IPART to clarify who the target audience is for this program information. If the audience is IPART and IPART's auditors, providing this information as part of IPART's operating licence audit questionnaire may be more efficient. If it is for NSW Health, direct communication may be more appropriate.

If it is for our community or other stakeholder groups, we welcome their views on the usefulness and benefit this information provides. If there is benefit, there may be a more accessible way to present the information for non-specialists that better helps them understand what Hunter Water is doing to ensure we continue to provide safe and high quality water. For example, we could provide a more strategic and high level summary with a deeper dive into some key areas of interest, as opposed to a tactical list of programs undertaken linked to objectives. Hunter Water's pricing submission Technical Paper 2, Chapter 6, provides one alternative way to present the information, which may be more readable and therefore beneficial.⁶

We consider that the other annual water quality compliance and performance reporting requirements are generally suitable.

⁵ These requirements are detailed in clause 3.1.4 of the Reporting Manual:

<https://www.ipart.nsw.gov.au/sites/default/files/documents/reporting-manual-hunter-water-operating-licence-2017-2022-%E2%80%93-july-2018.pdf>

⁶ Technical Paper available here: <https://www.hunterwater.com.au/documents/assets/src/uploads/documents/Other-Reports/Pricing-Proposal-Technical-Papers/Technical-Paper-02---Service-levels.pdf>, p76-87

2.2. Performance standards for service interruptions

Service level outcomes are an expression of quality which, coupled with price, shape the value that consumers place on all goods and services.

IPART seeks to replicate the outcomes achieved in competitive markets whereby customer preferences for combinations of cost and quality are revealed through purchasing choices. To do so, IPART:

- includes system performance standards in the Operating Licence
- specifies rebates for service failures in the Customer Contract, which are intended to signal 'fair play' for inconvenienced customers and consumers
- sets Hunter Water's prices on the basis that they recover the efficient costs of compliance with mandatory standards (including operating licence requirements and those set by environmental, health and water extraction regulators).

Hunter Water's 2017-22 Operating Licence contains five prescriptive system performance standards in relation to water continuity, water pressure, and dry weather wastewater overflows onto private properties.⁷ Each system performance standard sets a hard limit on the maximum number of affected properties in any one year. A property count above the target level for any of the performance standards would represent a breach of the operating licence.⁸

2.2.1. Engaging with customers to inform the review of system performance standards and rebates

Over the last 18 months we have engaged with over 2,000 people and around 70 businesses over two phases of customer engagement to obtain a contemporary understanding of customer, consumer and community views on service levels.

Understanding customer preferences

Phase one of the service levels project sought customer feedback on:

- service level attributes that Hunter Water's customers consider important
- gap analysis showing where there is a gap between the relative importance and current level of satisfaction in relation to service level outcomes and attributes
- service level failures for which customers and consumers expect a rebate.

The scope, format and timing of field work was affected by the COVID-19 crisis. Engagement with residential customers, consumers and the community was able to proceed in a digital format, given evidence that people felt reassured by continued future planning of essential services. Fieldwork for non-residential customers was deferred.

Between April and June 2020 almost 1,200 residential households participated in telephone depth interviews, an online bulletin board and an online survey. The activities were informed by an internal working group drawing on expertise from across the business. The initial steps involved a review of 30 customer research initiatives completed by Hunter Water over recent years. The work also drew on a literature review of 107 service outcomes and 220 attribute measures across the Australian water industry.

A three day moderated online bulletin board (similar to a deliberative forum) hosted 50 people who contributed close to 3,000 posts describing their views and expectations in their own words.

Depth interviews were held with ten people who had recently interacted with Hunter Water in relation to a complaint, extended unplanned interruption, or account assistance.

⁷ System performance standards are performance standards specified in relation to service interruptions or impact.

⁸ Breaching the hard limits on the number of affected properties/customers would constitute a breach of the operating licence and result in reduced compliance grades, enforcement actions or penalties (e.g. clause 17 and 17A of the Hunter Water Act 1991 (NSW) provides for penalties such as a letter of reprimand; monetary penalty up to \$150,000; or cancellation of the operating licence).

Over 1,100 residents participated in the online survey involving ranking of service level attributes. Around 500 were recruited via a reputable survey panel provider. A similar number responded to an email invitation sent to customers. These data sets were merged to form the main sample, weighted by ABS Census data on age, gender, income and home ownership status for the Lower Hunter.

The 50 responses sourced via Your Voice (Hunter Water's online engagement platform), the corporate website and social media advertising were analysed separately, due to potential biases with opt-in sampling.

Most aspects of the services provided were rated as relatively important by a sizeable portion of the community (see Figure 2.1 and Figure 2.2).

Figure 2.1 Customer expectations of Hunter Water



Source: Online Bulletin Board, 29 April 2020. Q: What do you expect from Hunter Water? What do you see as their key responsibilities/areas of priority? And of these what is the most important or most valuable to you? (n = 44)

Figure 2.2 Phase one customer engagement findings



THE VOICE OF OUR CUSTOMERS ON WASTEWATER MANAGEMENT

TOP PRIORITIES



Stop wastewater overflows quickly and clean up thoroughly, regardless of the cause

Make the area safe to use, whether it's in my yard or in public places like parks, sporting fields or near schools



Reduce wastewater overflows that may impact on creeks and waterways



Have good preventative measures in place to minimise inconvenience, to protect public health and prevent harm to the environment

IT'S NOT ACCEPTABLE for SOME CUSTOMERS to HAVE RECURRING WASTEWATER OVERFLOWS ONTO their PROPERTY

It's important that overflows onto people's property are rare



I'd expect that if you have had an overflow into your property and you have notified HW and the issue had been rectified, then to have another one that would be very disappointing



PRISTINE RIVERS & BEACHES around the HUNTER are a TESTAMENT to the GOOD JOB HW are DOING



EXPECTATIONS are the SAME REGARDLESS of WHETHER an OVERFLOW is in WET or DRY WEATHER

Bad smells from the wastewater system reduce liveability and I worry it might have health impacts. Hunter Water should find the source of the smell and ensure it won't come back



I think life could be made very miserable very quickly for people in proximity to a foul wastewater smell



I FLUSH, IT GOES... THAT'S ALL I REALLY KNOW!

What happens to wastewater once it leaves my property? I'd be interested to know more about how the system works, particularly as it relates to my area

I'm uncertain which wastewater pipes on my property are Hunter Water's and which are mine; who is responsible to maintain them and what I can do to reduce the likelihood of something going wrong



I prefer to receive excellent water and wastewater services so I don't need to contact you. I value good customer service when things go wrong.

THE VOICE OF OUR CUSTOMERS ON CUSTOMER SERVICE



Most aspects of customer service are important - it's a blend of things that contribute to the customer experience

TOP PRIORITIES



SOLVE my PROBLEM/ ENQUIRY QUICKLY



BE RESPONSIVE, ACCESSIBLE, PROFESSIONAL & KNOWLEDGEABLE ... IN ALL INTERACTIONS

I expect a mix of contact options or modes of interaction (phone, face to face, online) to optimise two way flow of information

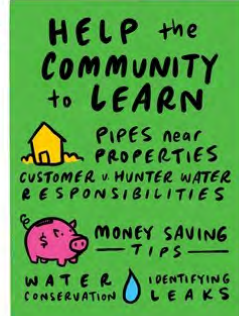


HUMAN, LOCAL CONTACT

NO ROBOTS or OVERSEAS CALL CENTRES!

KEEP a RANGE of CHANNELS to CATER for EVERYONE'S CAPABILITIES and PREFERENCES

SOCIAL MEDIA RESPONSIVENESS SHOULD be THE SAME REGARDLESS of CONTACT METHOD... BUT CONTINUOUS MONITORING; RESPONSE NOT - RELATIVE PRIORITY



HELP the COMMUNITY to LEARN

PIPES near PROPERTIES CUSTOMER - HUNTER WATER RESPONSIBILITIES

MONEY SAVING TIPS WATER CONSERVATION IDENTIFYING LEAKS



PROVIDE BILLS via EMAIL & AUTOMATIC PAYMENT by CREDIT CARD

RENTERS (RESIDENTIAL TENANTS)



I'd like a separate "water usage" account so that I can monitor my use over time and have access to more ways to pay

Payment assistance for customers experiencing financial hardship is a high priority



I have always had a positive experience with Hunter Water

I would like to say how amazing the customer service department is and how helpful they have been when needed

The service provided is typically exceptional and of a great quality. The staff are very professional and take notice of personal water related issues

THE VOICE OF OUR CUSTOMERS ON WHEN THINGS GO WRONG

PERCEPTIONS OF CURRENT PERFORMANCE

KEEP UP the GOOD WORK

- Short call wait times, and fast response times
- Most problems are assessed within only a few hours of initial contact
- Highly competent technicians able to resolve and rectify problems within their expectations
- I feel respected and listened to by all staff

A LITTLE SLOW/RELAXED around BOTH COMMUNICATION & RESOLUTION of ONGOING ISSUES (e.g. multi-day water interruption)

I'M NOT CONFIDENT MY ONGOING ISSUE WILL EVER be SOLVED

- BUT -

It's one of those things that happens... out of Hunter Water's hands

...HAVING a PROBLEM/ISSUE DOESN'T MAKE ME FEEL ANY RESIDUAL ANIMOSITY TOWARD HUNTER WATER

SOLVE MY PROBLEMS QUICKLY, & GET IT RIGHT THE FIRST TIME

Provide a firm timeline to fix the issue. It might be okay for you to take longer to resolve my problem if you explain to me the reason why.

Close the loop after the issue is resolved through follow up calls (e.g. check in with me that I don't still have a problem). This is not expected but I'll be surprised and delighted if you do it.

PROVIDE ENOUGH WATER to SEE ME THROUGH a LONG INTERRUPTION to WATER SUPPLY 1-2 DAYS

SMS me if the local water supply is interrupted. It's frustrating if I have to phone you late at night and you already know there's a problem.

FIX BURST/LEAKING WATER PIPES FAST to AVOID FURTHER UNNECESSARY WATER WASTE

Make it easier for me to find out about account assistance (for financial hardship), especially if my household is renting.

FIX STRONG WASTE WATER (SEWERAGE) SMELLS & MAKE SURE THEY DON'T COME BACK

I might like more information about what caused my problem (ask me). It could stop me worrying if the problem happens again (e.g. why my water was dirty).

Fixing and cleaning up blocked (or overflowing) wastewater should be the highest priority

THE VOICE OF OUR CUSTOMERS ON SUSTAINABILITY

THE LOWER HUNTER IS VERY LIVEABLE - GREAT LIFESTYLE, NATURAL BEAUTY, BEACHES & NATIONAL PARKS for RECREATION

HW can best contribute to making the region more liveable by doing things related to water and wastewater services e.g. providing recreation opportunities and picnic areas adjacent to dams or assisting new developments, especially communities to be water sensitive

Don't harm the environment through your operations. Be good environmental custodians; protect plants, animals and waterways

31%? I DON'T KNOW HOW HW PERFORM on SUSTAINABILITY

81% of those who do say HW are performing HIGHLY or VERY HIGHLY

I'm interested in learning what Hunter Water is doing in terms of sustainability and protecting our environment and waterways

~50% don't know HOW HW are PERFORMING on THEIR TOP 3 PRIORITIES

LOW AWARENESS OPPORTUNITY TO BETTER COMMUNICATE SUCCESS

Hunter Water's investment supports economic wellbeing (e.g. construction jobs)

Drought water restrictions have reduced liveability

Being sustainable is less important than doing well at supplying water, managing wastewater and providing good customer service

IT'S a NICE to HAVE

Climate change action and using renewable energy is important but I'm worried my bill will increase if Hunter Water do this

Prioritise actions that relate to water or wastewater services e.g. recycling wastewater will help keep water plentiful, reduce the need for water restrictions and help to keep our beaches and waterways clean

TOP PRIORITIES

- RECYCLE WASTEWATER
- RENEWABLE ENERGY/CLIMATE CHANGE ACTION
- WASTE WATER DISCHARGES to SENSITIVE AREAS

YOU'RE DOING a GOOD JOB at ENGAGING US... BUT OUR PERCEPTION is THAT YOU'RE BETTER at LISTENING than ACTING on WHAT YOU'VE HEARD

CLOSE the LOOP!

Distilling aspects of service important to customers into standards appropriate for our Licence

We distilled the attributes into candidates for operating licence system performance standards using the following criteria:⁹

1. Standards should relate to a service interruption. This reflects a requirement in the Hunter Water Act 1991.¹⁰
2. Standards should relate to outcomes (benefits) important to customers.
3. Standards should be focused on IPART's regulatory responsibilities and avoid duplication with other regulators and regulatory requirements.
4. Standards should be capable of being influenced by Hunter Water's actions.
5. Standards and measures should be capable of efficient and effective data collection and reporting, along with objective assessment.

Applying the criteria confirmed that water continuity, water pressure and dry weather wastewater overflows are appropriate service level attributes for performance standards in our Operating Licence.

Applying these criteria also determined that service outcomes of medium to high importance to customers that would not be suitable for performance standards in the licence were:

- Odours from the wastewater system
- Aesthetic aspects of water quality such as taste, odour or discolouration
- Customer interfacing and troubleshooting
- Environmental sustainability such as reducing carbon emissions, waste management, and improving wastewater system performance beyond environmental licence requirements.

Our preliminary position is to retain four of the five standards - retiring the water continuity standard relating to multiple short unplanned interruptions. There are currently two water continuity standards – one for long unplanned interruptions and one for multiple short unplanned drinking water supply interruptions. The latter standard was removed at Sydney Water's last operating licence review. Hunter Water's preliminary position is that this standard can be removed as it does not provide strong incentives for performance improvement. In the absence of a licence performance standard, we would achieve the same outcomes by basing our decisions on the cost of repair compared with the cost of replacement.

Having confirmed that four of the five measures underpinning the current system performance standards are based on service qualities that are valued by customers, and are appropriate for a mandatory threshold in a licence, we needed to test whether there are water and wastewater network management approaches that would result in an improved price-service mix from a customer perspective. Hunter Water can undertake additional activities to reduce the number and/or impact of these events, but these activities come at a cost that is ultimately recovered from customers via water and wastewater bills. Hunter Water could also reduce bills by spending less on managing its networks, but this would result in customers experiencing more of these inconvenient events.

We are undertaking cost-benefit analysis to assist our consideration of the price-service mix for each performance measure (service level attribute). We will provide the results of the cost-benefit analysis and firm proposals on 1 November 2021. In this submission we describe our approach to gathering inputs to the analysis.

⁹ These criteria were based on GHD, 2006, Review of System Performance Standards for Hunter Water and Sydney Water, Report for the Independent Pricing and Regulatory Tribunal, page 12.

¹⁰ Hunter Water Act 1991, Section 13(1)(c) *"The operating licence is subject to the terms and conditions determined by the Governor but must include terms or conditions under which the Corporation is required to ensure that the systems and services meet the quality and performance standards specified in the operating licence in relation to water quality, service interruptions, price levels and other matters determined by the Governor and set out in the operating licence."*

Considering the appropriate cost-service mix

We engaged experts The Centre for International Economics to estimate customer willingness to pay (WTP) to quantify the economic benefits of changes in service performance. In this project, the term WTP has the specific meaning found in the economics literature; that is, each customer's maximum WTP (or minimum willingness to accept (WTA) compensation) for the specified change in service. It is grounded in welfare economics — a field of economics focused on the allocation of resources to maximise welfare (i.e. utility or wellbeing). It is not used in relation to customers' satisfaction or attitude towards the level of their water bill.

The CIE used two stated preference techniques to estimate WTP; contingent valuation and discrete choice experiments (see Table 2.2).

Discrete choice experiment surveys involve presenting respondents with several choice questions. Each choice question presents two or more hypothetical scenarios with specified cost and asks the respondent to indicate their preferred option. The scenarios are described by multiple attributes and the levels assigned to attributes vary over scenarios and over questions. This variation is designed to support statistical estimation of the value placed by respondents on changes in each attribute. Examples of the choice tasks for water continuity and wastewater overflows are provided in Figure 2.3 and Figure 2.4.

Contingent valuation surveys involve presenting respondents with a specific policy or project proposal and asking whether they would vote for the proposal at a specified cost. The cost level is varied over respondents to allow the estimation of a demand curve and the expected value of WTP for the proposal.

Table 2.2 **Stated preference technique used to estimate willingness to pay by topic**

Topic	Relevance of standard to customers	Valuation requirements	State preference technique
Water supply interruptions	Risk faced by all customers over time	Scenarios varying on multiple dimensions, including scenarios yet to be developed	Discrete choice experiment
Wastewater overflows	Risk faced by all customers over time	Scenarios varying on multiple dimensions, including scenarios yet to be developed	Discrete choice experiment
Low water pressure	Persistent hotspots/worst-served customers due to growth areas and elevation relative to reservoirs	Two specific potential improvement programs	Contingent valuation




Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix.

Figure 2.3 Example of a choice task on water continuity

			Current Package	Package A	Package B
Supply interruptions without warning					
Short unplanned interruptions	Chance each year of an interruption lasting 1-3 hours		14 per cent	10 per cent	14 per cent
Long unplanned interruptions	Chance each year of an interruption lasting 5-8 hours		2.5 per cent	4 per cent	Almost Never
Supply interruptions with written notice					
Planned interruptions	Chance each year of a planned interruption lasting 1-3 hours		4 per cent	1 per cent	7 per cent
The cost to you					
Cost	The permanent change in the amount you pay for water each year	\$	No Change	You save \$10	You pay an extra \$10
Your choice					
If these were the only three options available to you, which option would you choose?			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix.

Figure 2.4 Example of a choice task on wastewater overflows

			Current Package	Package A	Package B
Your service level					
Chance of one wastewater overflow on your property each year			1.3 per cent	1.0 per cent	1.6 per cent
Chance of three wastewater overflows on your property each year			0.01 per cent	0.03 per cent	0.01 per cent
Time taken to unblock pipes so you can use your toilets, sinks and other drains			2 hours	3 hours	1 hour
The cost to you					
Cost	The permanent change in the amount you pay for wastewater services each year	\$	No Change	You pay an extra \$2	You save \$5
Your choice					
If these were the only three options available to you, which option would you choose?			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix.

In May and June 2021, 674 households and 62 businesses participated in an online survey about water continuity, water pressure and rebates. The participants' answers selected their preferred cost-service level point across 4,416 choice sets and 736 contingent valuation questions. Further, 617 households and 73 businesses participated in an online survey about wastewater overflows. The participants' answers selected their preferred cost-service level point across 4,140 choice sets. The large number of responses enables us to estimate the value to customers of very small changes in performance in the service level attribute we are seeking to influence, as well as any associated attributes that may be impacted by those actions. We are able to use these values as the 'benefit' in cost-benefit analysis of performance improvement or relaxation options.

A report summarising the method, results and findings from the research is available at www.thecie.com.au/hunter-water-wtp. The website provides a link to an appendix that provides further details, including the sample characteristics, statistical models and questionnaires used in the research.

Lower Hunter households told us:

- Unplanned interruptions are about 70% worse than planned interruptions
- Long interruptions are about twice as bad as short interruptions
- They value avoiding wastewater overflows more highly than they value avoiding water supply interruptions
- The time taken to unblock a wastewater pipe is important to customers
- Their willingness to pay for service improvement is lower than the compensation they would require for an equivalent service degradation
- Altruistic willingness to pay to improve other people's low water pressure is higher for those frequently rather than occasionally affected

2.2.2. Water continuity

Unplanned interruptions typically occur due to failures in infrastructure, such as water main breaks. When these interruptions occur, the Customer Contract requires that reasonable endeavours are used to restore the services as quickly as possible, minimising the inconvenience to customers of supply interruption.

The frequency and duration of unplanned water interruptions are influenced by:



Breaks in trunk and distribution mains

Interruptions to water supply are primarily driven by water main breaks. These failures can occur due to asset condition and are influenced by weather conditions.



Reservoir storage capacity

Whether asset failures lead to interruptions in customers' water supply is influenced by the volume of water held in storage reservoirs that can be 'drawn down' until the asset failure is rectified.



Response and rectification

Our speed and performance in attending and resolving infrastructure failures, such as water main breaks, affects the duration of water interruptions. This is influenced by the complexity of the repair and the number of customers within the area isolated to enact the repair.

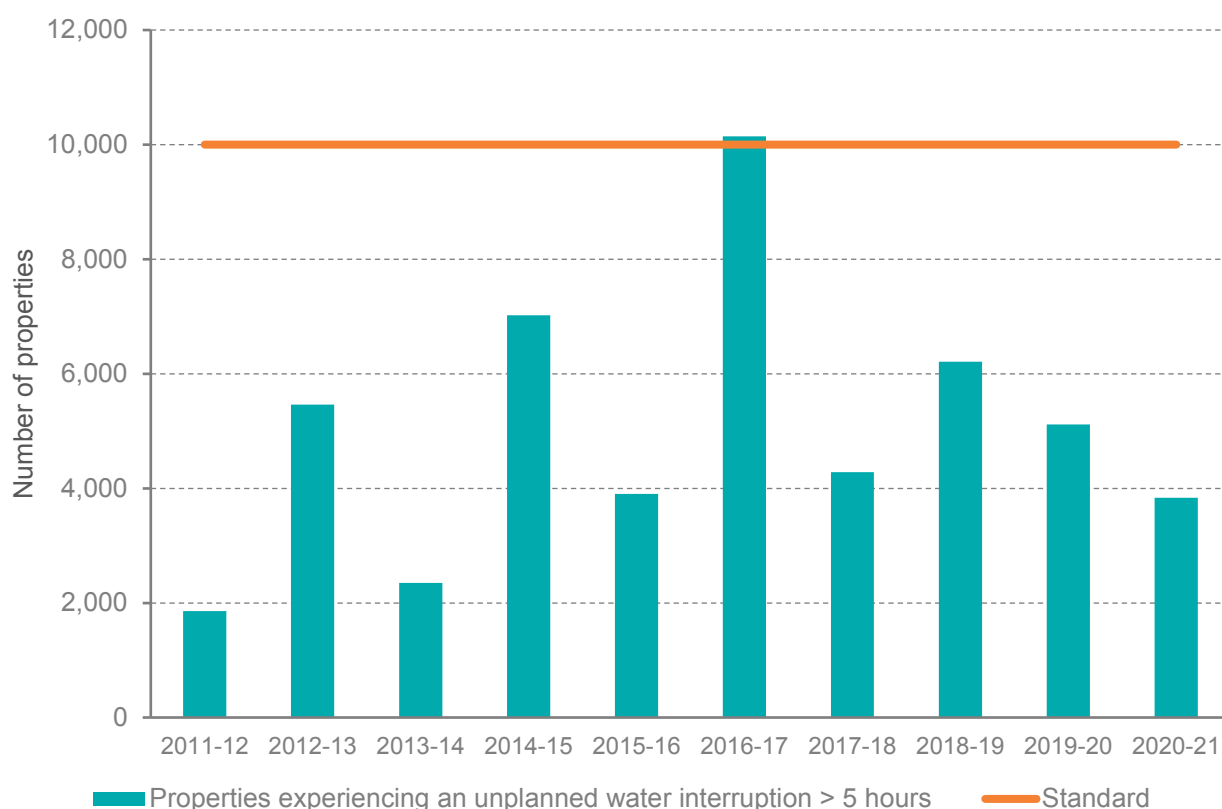


Alternative supply

In many cases we can respond to a water main break and provide continuous supply to customers by relying on flexibility to reconfigure our water network.

Hunter Water's Operating Licence sets a water continuity standard that requires no more than 10,000 properties each year be affected by an unplanned water interruption that lasts more than five continuous hours. We generally perform well against this standard but actual performance each year is highly variable (see Figure 2.5).

Figure 2.5 *Historic performance against water continuity standard for long unplanned water interruptions*



Source: Hunter Water.

The water continuity cost benefit analysis considers renewal of reticulation water mains as the primary performance lever available to Hunter Water to influence the number of properties affected by long, unplanned water interruptions.

Renewal of trunk water mains also affects performance against the water continuity standard in the operating licence but it is difficult to model the cost-service level trade-off in a CBA. Trunk main bursts and major leaks occur less frequently than reticulation failures but can occur without warning. The number of properties experiencing an unplanned interruption due to pipe failure is also more variable and can have a large impact on compliance.

As an example, there were only three trunk main failures in 2015-16 however these interrupted 2,072 customers (691 customers per trunk main failure). In comparison, there were 28 trunk main failures in 2017-18, affecting 374 customers (13 customers per trunk main failure). This variation is driven by a range of factors, such as:

- Single or dual feed arrangement, such as the ability to supply water from a second trunk main, which may source water from an alternative water zone
- Ability to isolate the failure quickly and as close as possible to the failure, which is influenced by valve spacing and operability.

As another example, in 2016-17 Hunter Water exceeded the licence standard requiring it to ensure that no more than 10,000 properties experience an unplanned water interruption that lasts more than five continuous hours, with a count of 10,144 properties (see Figure 2.5). The main contributor to the exceedance of the water continuity licence standard was a trunk main break in western Lake Macquarie in February 2017 impacting more than 5,000 properties. This event occurred over a weekend in a remote area of the network, and took some time to locate, isolate and repair. The severity of this Myuna Bay event was in large part due to the time it took to identify the failure and then locate the site of the failure. The first warning was a reservoir low level alarm as the system drained. As no public report of the main failure had been made, the burst location had to be located through inspection. This took some time as the area is relatively sparsely populated and the main is located away from the road near a wetland.

Hunter Water has since improved how it identifies and respond to events in similar circumstances, however such an event is unlikely to be well captured in a CBA of various performance standard thresholds.

Installing and operating 'intelligent network' technology has potential to reduce the duration of unplanned interruptions, by facilitating rapid isolation of the failure (trunk main break) location. As an example, flow meters and remotely controlled automated valves could potentially be used to isolate a failure and prevent a water storage reservoir from draining. This action may reduce the number of properties experiencing an interruption and/or reduce its duration.

As such technology is still emerging, it was not considered sufficiently proven for inclusion in the CBA for a performance standard that, if exceeded, may incur penalties ranging from a letter of reprimand; fine of up to \$150,000; or cancellation of the operating licence (albeit unlikely under most circumstances). Hunter Water intends to consider intelligent network technology options as a means to efficiently comply with the water continuity standard within the operating licence period 2022-2027.

Several reticulation water mains renewal strategies are being assessed in the cost benefit analysis. We use the Pipeline Asset and Risk Management System (PARMS) software package to inform this work.

PARMS is a software suite developed by CSIRO in conjunction with Water Services Association of Australia (WSAA) and its members specifically to assist in the management of structural failures within water supply reticulation networks, including investment scenario analysis.

The analysis included the development of pipe deterioration models, descriptive and synthetic analysis of failures and renewals, and forward projections. The foundation is a series of deterioration curves specific to Hunter Water's water main cohorts, developed via statistical analysis of historical failure records and corresponding pipe attributes including length, material, age, diameter, soil type, static pressure and prior failure history.

The pipe burst rate varies across the network, with pipes in some suburbs deteriorating more rapidly than their age would suggest. Certain pipe materials and vintages are associated with high failure rates.¹¹ Cast iron pipes constitute the majority of the network and in turn generate the most failures. Pipes in clayey soils also tend to have higher failure rates. The variation in pipe failures across the system is partially explained by the distribution of soil types and different pipe materials that are vulnerable to soil expansion/contraction, however it is thought that other factors like pressure transients, soil corrosivity and surface loading may also be important.

We are currently undertaking cost-benefit analysis and will provide the results on 1 November 2021.

¹¹ In order of failure rate, problematic pipe cohorts include PVC-U laid prior to 1979, asbestos cement (AC) laid prior to 1955, cast iron (CI) 1933-1965, CI 1966-1972, CI laid prior to 1933, mild steel cement lined (MSCL) laid prior to 1955, ductile iron (DI) laid prior to 1978 and CI laid on or after 1973.

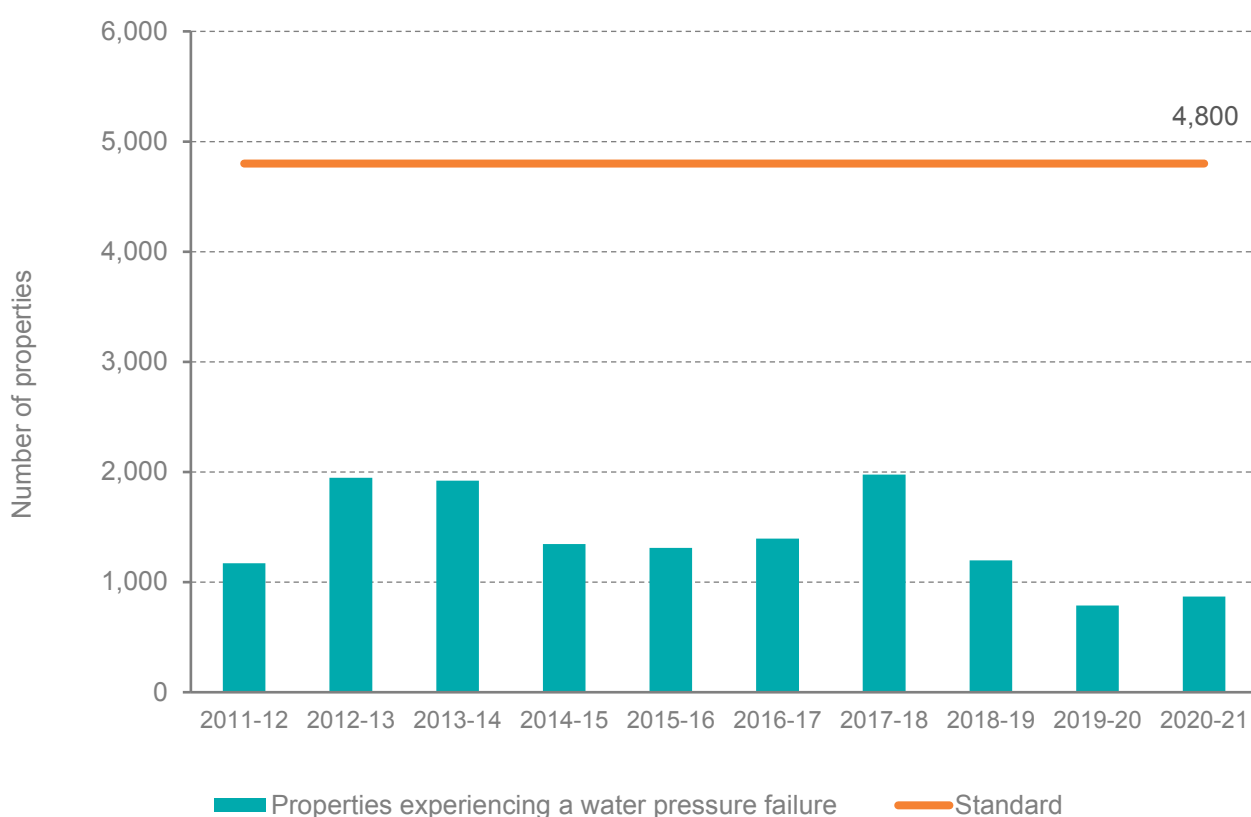
2.2.3. Water pressure

Hunter Water's Operating Licence sets a water pressure standard that requires no more than 4,800 properties each year be affected by low water pressure less than 20 metres (for a continuous 30 minute period during normal operation of the water network).

Hunter Water uses a theoretical customer demand scenario called peak day demand to assess system performance and design system capacity to facilitate growth. Peak day demand is a design scenario representing the highest total daily water demand that could occur each year, based on theoretical customer water demand.

Under theoretical peak demand, about 2,000 customers out of approximately 263,300 customers could experience low water pressure. The actual highest demand day in any given year will differ from the design peak day demand, generally due to climate impacts, such as drier or wetter than average years, and customer behaviour (See Figure 2.6).

Figure 2.6 *Historic performance against water pressure standard*



Source: Hunter Water.

Low water pressure affects our customers in different ways. Some customers may only experience pressure below 20m on a small number of occasions for short periods of time during the summer months. Others will experience low pressure on numerous occasions for long periods of time during summer. Others are more severely impacted and experience it continuously during summer, and some all year round under all demand conditions.

In some cases, low pressure customers are clustered within a local supply area. This means that the whole supply area could experience low pressure during peak day demand, and this can become worse with growth.

Hunter Water's customer base continues to grow, and a minimum level of investment is needed to augment the capacity of the water network as growth occurs. We could achieve this in two ways:

- Invest to provide a continuous water supply to new development, and ensure that water pressure for existing customers does not deteriorate below 20 metres due to the additional demand. This scenario is akin to retaining the current licence limit and taking action to ensure that the limit is not exceeded.
- Invest the minimum to provide a continuous water supply to new development, such as ensuring that storage reservoirs do not run out of water but defer specific investments to ensure that water pressure for existing customers does not deteriorate below 20 metres due to the additional demand. This scenario is akin to removing the licence limit. The number of low pressure customers would increase and the non-compliance limit would be reached by approximately 2026.

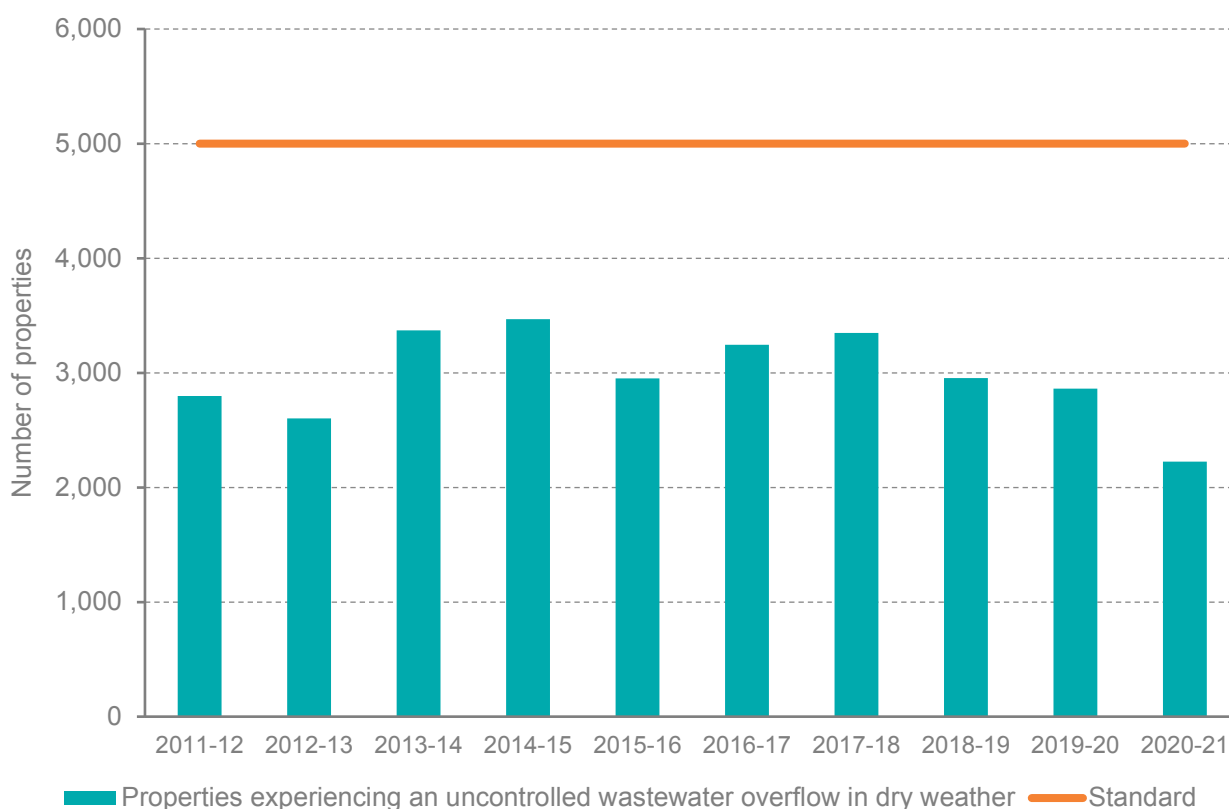
We are undertaking cost benefit analysis on both scenarios and will provide the results on 1 November 2021.

We are aware that there are small clusters of properties receiving frequent low water pressure. We intend to proactively consider customer outcomes and accountability for rectifying 'hot spots' receiving the worst service levels as part of our next pricing proposal rather than as a licence requirement.

2.2.4. Wastewater overflows

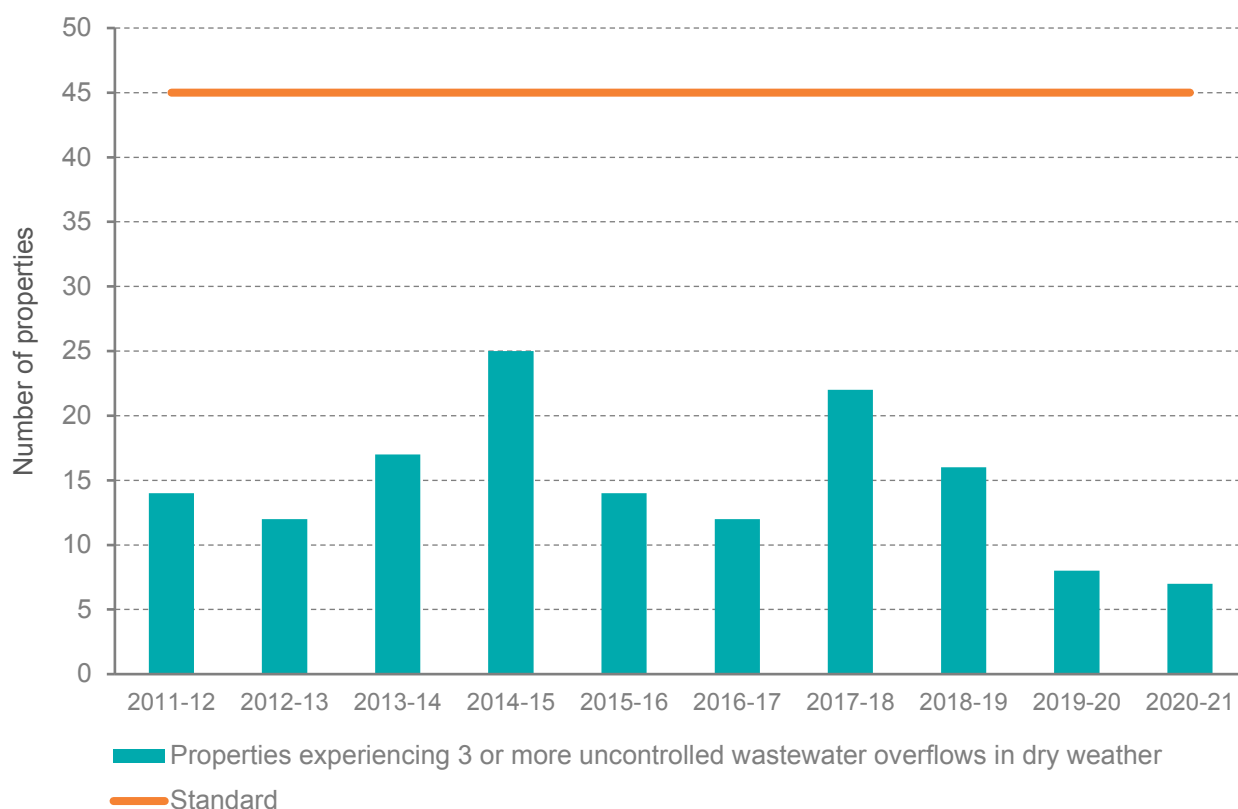
Hunter Water's Operating Licence sets a limits on the number of properties that can be impacted by one or multiple uncontrolled wastewater overflows in dry weather. We are currently complying with both parts of the wastewater overflow standard (see Figure 2.7 and Figure 2.8). Uncontrolled wastewater overflows in wet weather are regulated by the NSW Environment Protection Authority.

Figure 2.7 *Historic performance against wastewater overflow standard (at least one overflow)*



Source: Hunter Water.

Figure 2.8 *Historic performance against wastewater overflow standard (three or more overflows)*



Source: Hunter Water.

Many factors influence the number of dry weather wastewater overflows from wastewater systems (see Table 2.3). In our cost benefit analysis we have considered changes in the amount of lining of wastewater pipes to prevent breaks and preventative jetting to remove obstructions (chokes) that we do. As for water continuity, we have modelled the deterioration of wastewater mains throughout our network based on materials, age and performance.

We are currently undertaking cost benefit analysis and will provide the results on 1 November 2021.

Table 2.3 *Levers influencing uncontrolled dry weather wastewater overflow performance*

Levers available to water businesses	External factors
Infrastructure upgrades eg, lining/replacements/rehabilitations/renewals	Soil types
Triggers for CCTV inspection [or CCTV (to check for obstructions) then jetting (to remove obstruction) then CCTV (to check pipe condition)]	Climate, rainfall and season (eg, dry weather encourages root intrusion into mains; self-clearing of partial obstructions during wet weather; changing weather conditions and soil moisture levels cracking pipes).
Dedicated crew(s) with jetting truck	Number/frequency of obstructions
	Types of obstructions (eg, solids, rags, pipe pieces, congealed grease/fats, root, broken seals, wet wipes, gravel/debris)
	Non-compliant household plumbing (eg, . inadequate differential height between gully and floor waste; gully lid covered).

Source: Hunter Water.

2.3. Water conservation

2.3.1. NSW Water Strategy 2021

In August 2021 the NSW Government finalised the NSW Water Strategy - a 20-year, state-wide strategy to improve the security, reliability and quality of the state's water resources over the coming decades.

The NSW Water Strategy notes the Government's intention to implement a new state-wide Water Efficiency Framework and Program in 2021 after consulting with stakeholders in its development. It will include, amongst other things:¹²

- a focus on building water efficiency capacity, gaining a better understanding of water use, improving the evaluation of water use, improving the evaluation of water efficiency initiatives and increasing private sector involvement
- a clear statement of NSW Government policy and messaging of the need to support and invest in water efficiency across all sectors.

DPIE and Hunter Water have met a number of times to discuss the scope of this work.

Hunter Water agrees that we need to maintain and improve our skills, experience and understanding around how we can support consumers to be more water efficient and how we can reduce leakage from our water system. Maintaining a baseline level of internal capability is a prerequisite for evaluating, designing and implementing the right programs and projects, and for ramping up effort and investment as water storages fall.

2.3.2. Draft Lower Hunter Water Security Plan

The Draft Lower Hunter Water Security Plan was placed on public exhibition in September 2021. The Draft Plan includes various actions and water efficiency goals and targets for the decade ahead (see Figure 2.9).¹³

The Plan's water conservation program is based on maintaining and building on the behaviour change and efficiency gains achieved in the 2019-20 drought and is consistent with the NSW Water Strategy goal of doing more with less.

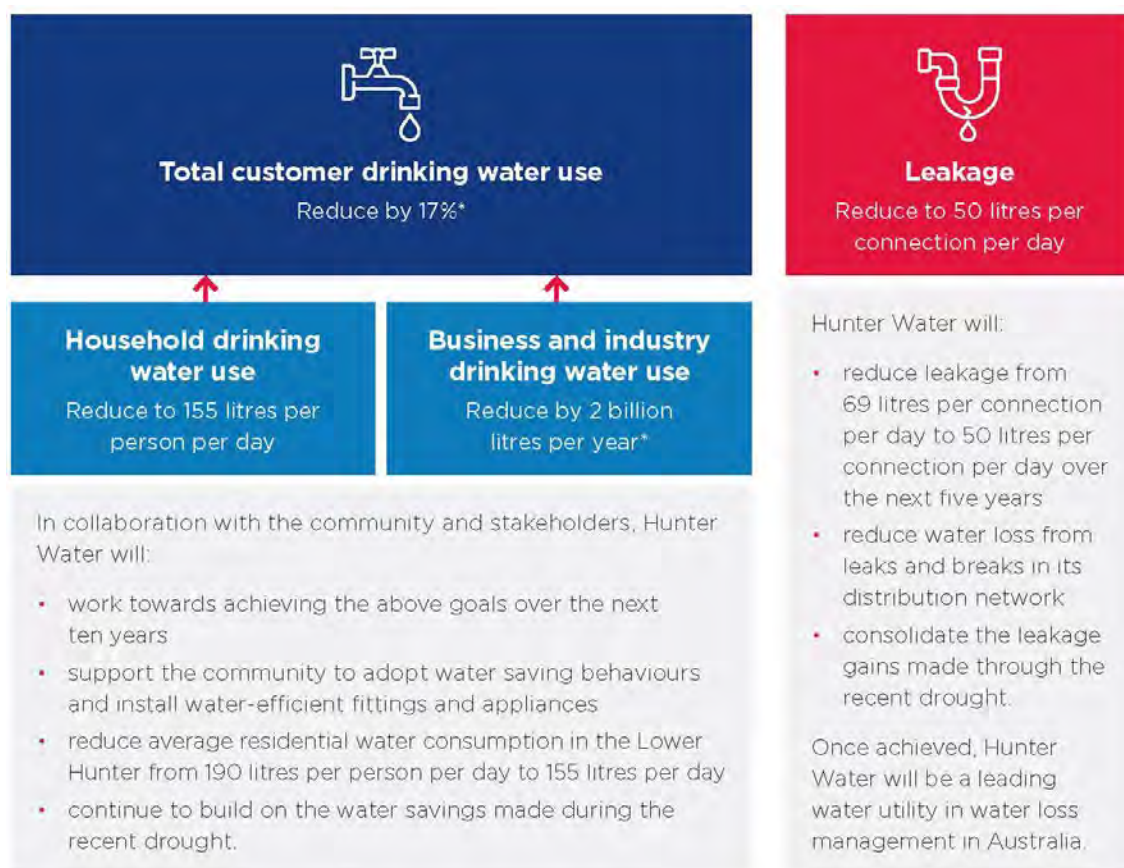
The Plan states that Hunter Water will lead ongoing water conservation efforts by:

- continuing to invest in reducing leaks from the water distribution system
- continuing to use the Love Water program and permanent water conservation measures, Smart Water Choices, to encourage long-term behavioural change
- supporting customers to find and repair leaks
- expanding the schools' program to help students save water at school and at home
- working with major and large water customers, councils and businesses on water efficiency management plans and alternative water supply projects.

¹² Department of Planning, Industry and Environment, 2021, NSW Water Strategy, p.119.

¹³ Department of Planning, Industry and Environment, 2021, Draft Lower Hunter Water Security Plan, p. 88.

Figure 2.9 *Draft Lower Hunter Water Security Plan goals water efficiency and leakage reduction*



Source: Department of Planning, Industry and Environment, 2021, Draft Lower Hunter Water Security Plan, p. 64.

2.3.3. Current Licence requirements relating to water conservation

For many years, Hunter Water's Licence included a hard, volumetric water conservation target requiring us to ensure that the 5-year rolling average for annual residential water conservation calculated for each financial year is equal to or less than 215 kilolitres for each property used for residential purposes.

IPART's 2017 Final Report to the Minister included new economic water conservation obligations, designed to:¹⁴

- replace arbitrary and prescriptive limits
- allow the utility to exercise its judgement, and
- give us the operational flexibility to adapt water conservation activities to changes in circumstances, promoting innovation and efficiency.

Specifically, the current Licence requires Hunter Water to:

- prepare a water conservation strategy in relation to the system operating arrangements for water storage and transmission
- develop an economic level of water conservation (ELWC) methodology, for the Tribunal's approval, covering water leakage, water recycling and water efficiency

¹⁴ IPART, 2017, Final Report for Review of Hunter Water's Operating Licence, page 37.

- develop a water conservation work program that describes:
 - implementation of water conservation activities in the previous year
 - water conservation activities upstream of water treatment plants for the next five years
 - water conservation activities within and downstream of water treatment plants for next five years, and the extent they align with the economic level of water conservation methodology.

Hunter Water's has complied, in full, with each of these Licence requirements.

2.3.4. Review of the water efficiency assessment method

The water conservation requirements in our current Licence are similar to those in Sydney Water' 2019-2023 Operating Licence in relation to ELWC. Following the recent drought, some stakeholders expressed concerns regarding deficiencies in the water conservation response. The NSW Audit Office found multiple issues with the water efficiency response and the ELWC methodology in Greater Sydney.¹⁵

Consistent with the application of the ELWC method, Hunter Water increased its investment in water conservation significantly in response to the drought. We spent around \$2.4 million on water conservation measures during 2019-20, which is around five times as much as the proposed annual spend in our 2019 pricing proposal.¹⁶ Lower dam levels led to increases in the value of water and a reassessment of the investment considered as being economic. The increased investment included greater leak detection and maintenance, and greater investment in customer programs.

Notwithstanding the above observations, we see room for improvement in the current approach and have participated in a DPIE review of the 'water efficiency assessment approach' over recent months. The review looked at the current ELWC method, the application of the ELWC method and broader water conservation planning and reporting processes.

We consider that the review has identified sensible and worthwhile improvements to the current Licence requirements. This includes the practical design and implementation of the ELWC method and reporting requirements relating to the water conservation work program.

DPIE's review made useful and constructive recommendations around setting objectives, planning, governance and implementation arrangements associated with the current water conservation requirements. In terms of the quantitative assessment, the review recommended improvements to the method for calculating the value of water saved and the way we measure customer costs.

2.3.5. Water conservation requirements in the new Licence

IPART invites general comment on whether the Licence should require Hunter Water to maintain and implement the water conservation measures identified as economic through ELWC. We provide specific comment, below, on IPART's five preliminary positions:

1. Hunter Water would need to maintain a water conservation program and implement water conservation measures. This would maintain a focus on water conservation.

We support a requirement to maintain a water conservation program explaining the objectives and rationale for water efficiency investments, a description of the costs and delivery mechanism, and the benefits for Hunter Water, customers and the community. The report should evaluate the success of past programs and initiatives.

¹⁵ NSW Audit Office, 2020, Water conservation in Greater Sydney: Performance audit, NSW Auditor-General's report.

¹⁶ Hunter Water, 2019, Pricing Proposal to IPART, Technical Paper 2: service levels, p.52.

We support a requirement to implement water conservation measures, subject to two conditions:

- *Cost recovery:* IPART should continue to develop and refine its approach to cost pass-through events. Hunter Water supports IPART's move to a drought water usage price to enable the recovery of costs associated with water efficiency and awareness raising during severe drought conditions. Nonetheless, this mechanism does not cover the costs incurred in ramping up and expanding water efficiency programs as the short term value of water saved increases in drought events before storages dip below the 60% trigger. Similarly, there is no mechanism to recover the operating cost of new water efficiency projects and initiatives that satisfy the method within the regulatory period.
- *Auditability:* Hunter Water would like to work with IPART on the specific drafting of this clause and the reporting manual requirements. Compliance with the clause should rely on Hunter Water's final business case assessments, not early spreadsheet analysis using preliminary estimates of costs, benefits and savings

2. The water conservation program and measures should be consistent with an appropriate method of economic conservation. Hunter Water could use the ELWC method or another economic method approved by the Minister.

Hunter Water supports IPART's preliminary position to apply an economic method.

Ideally the economic method would accord with broader water supply and demand planning such as the Lower Hunter Water Security Plan and its associated monitoring, evaluation, reporting and improvement arrangements.

We reiterate the importance of ongoing expenditure on maintaining a core team of water efficiency specialists within the business, ongoing awareness and education work, planning and design work, piloting and trialling new initiatives, and research and development work relating to water efficiency. This expenditure is necessary irrespective of an economic assessment method (see section 2.3.1).

Hunter Water also notes that there may be good business reasons to spend more on specific water efficiency programs and projects than a strict application of a quantitative economic method would suggest. Hunter Water's business cases for water efficiency projects provide a qualitative description of these additional non-monetised benefits.

3. 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's supports the requirement to publish a copy of the economic method on our website.

Hunter Water does not support a requirement to publish the economic level of water conservation determined using the method.

DPIE's review of the water efficiency assessment approach did not support this approach. The review noted that the economic level of water conservation will vary with changing conditions. In many cases, the level of savings associated with water efficiency project cannot be reliably measured. In addition, investment in building skills, planning and research and development do not directly increase the level of water conservation, but may lead to improvements in the future.

Hunter Water supports a focus on assessing specific programs and projects, and better public reporting of that work. Reporting a single, aggregated economic level of conservation does not serve any specific purpose, and may well be misleading as conditions change, particularly during drought events.

Our annual Water Conservation Report includes a lot of useful information on why we do water conservation work, who we are working with, our current performance, and planned programs and initiatives. We acknowledge that we could build on this existing material and do a better job of making this information available to customers and stakeholders in a format that suits them. We support the requirement to provide a plain English summary.

4. Hunter Water would be required to review its economic level of water conservation method periodically to ensure currency.

Hunter Water supports the requirement to review and improve the ELWC (or other economic) method. We first developed our ELWC method in 2018. This was a largely new approach at the time to assess a range of water conservation initiatives.

DPIE's recent review of the water efficiency assessment approach has identified various areas for refinement and improvement. A requirement to review the method would complement the work underway with DPIE on strengthening the quantitative and qualitative features of the assessment method and associated reporting.

5. 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.

Hunter Water supports this licence clause.

Hunter Water would welcome the inclusion of wording that would allow Hunter Water to make non-material changes to the methodology to correct errors or anomalies at any time.

Catchment to treatment plant

Hunter Water supports IPART's preliminary position to focus on maintaining and implementing water conservation consistent with the 2018 water conservation strategy and 2019 water conservation work program.

Hunter Water's management of bulk water sources focuses on catchment management plans and optimising extraction from the various bulk water sources. We have asset management systems to guide renewal investment in water transmission mains, and we attend to leaks and breaks when they happen. As we outlined in the last licence review, we are not aware of any additional water conservation activities that would be suitable to assessment under the economic method.

Shadow price of leakage

IPART's 2021 Discussion Paper One for its review of how it regulates water businesses, outlines a proposed 'shadow price of leakage' arrangement.¹⁷ The shadow price would create a financial incentive for water utilities to reduce leakage below the target level of leakage during the regulatory period, and penalise utilities if leakage goes above the target. IPART explains:

"The logic is that every unit of water saved delays the need for system augmentation, so the savings associated with that delay can be returned to the business at the next price review. ... This essentially makes the business the 'customer' for leaked water, meaning it must pay the same usage price that the customer pays for this lost water."

Hunter Water has supported the concept of a shadow price of leakage in earlier responses to IPART's form of regulation review. We note that the arrangement relies on setting a target level of leakage, either static or dynamic, during the regulatory period.

Hunter Water supports retaining an economic assessment method to inform decisions on the right level of investment in leakage reduction projects as part of the expenditure proposal. The shadow price would act as a financial discipline to ensure Hunter Water delivered those investments on time and in line with forecast water savings, and an incentive to do more during the regulatory period where new projects and initiatives make commercial sense.

¹⁷ IPART, 2021, Lifting Performance in the water sector, Regulating water businesses special review, p. 23.

Recycled water projects

Hunter Water considers that recycled water should not be included in the water conservation activities listed in the Licence.

Hunter Water notes that IPART's 2019 Final Report, Review of recycled water prices of public water utilities, sets out a framework for categorising and funding recycled water schemes. This includes provision to include recycled water projects in the regulatory asset base for water where those projects have a levelized cost below the long-run marginal cost of water. Similarly, recycled water schemes that form part of a least cost wastewater solution would be added to the wastewater asset base. The cost of these schemes would be recovered from all water and wastewater customers.

2.3.6. Calculating system yield

Current clause 2.1.1: Hunter Water must calculate the System Yield either:

- a) in accordance with the memorandum of understanding with the Department of Primary Industries Water referred to in clause 5.10.1 (a); or*
- b) if no such memorandum is in effect, in accordance with a reasonable methodology that Hunter Water considers suitable.*

Hunter Water and DPIE Water have worked together to develop and publish the Draft Lower Hunter Water Security Plan 2021. A key part of this work involved review of the level of service, impact of severe droughts and the need for a level of climate-independent supply.

We anticipate Hunter Water and DPIE Water will finalise a new Memorandum of Understanding in early 2022, after the NSW Government considers the final Lower Hunter Water Security Plan. This will include agreement on annual reporting by Hunter Water on progress in implementing the various actions associated with the Plan, including an agreed yield methodology and reporting timelines.

We do not oppose the inclusion of a Licence clause requiring Hunter Water to calculate system yield, consistent with the current clause.

2.4. Water planning

IPART's Issues Paper notes the current MoU between DPIE and Hunter Water includes data sharing and implementation of the Lower Hunter Water Security Plan. IPART invites feedback on whether these requirements should be set out in an MoU or elevated to Licence conditions.

2.4.1. Draft Lower Hunter Water Security Plan 2021

DPIE and Hunter Water have worked collaboratively over the current licence period to develop and publish the [Draft Lower Hunter Water Security Plan, 2021](#).

The Draft Plan includes more than 30 actions over different time horizons: one to two years, two to five years, and beyond five years. Hunter Water is the responsible agency for more than 20 of these actions.

DPIE is the lead agency in administering the current Monitoring, Evaluation, Reporting and Improvement (MERI) report, working closely with Hunter Water to gather the needed data and information.

DPIE has undertaken annual evaluations under the MERI framework since 2014. Key elements for monitoring under the framework include the validity of the assumptions that underpin the plan and the effectiveness and efficiency of the delivery of the implementation actions identified in the water security plan.

DPIE and Hunter Water will agree new MERI requirements and processes once the Lower Hunter Water Security Plan is finalised in 2022. The MERI annual evaluation and reporting process provides the administrative oversight and monitoring of Hunter Water's progress in implementing those actions for which it is responsible.

2.4.2. NSW Water Strategy

The NSW Water Strategy 2021 includes an action to promote and improve integrated water cycle management across New South Wales:

“The Government will promote Integrated Water Cycle Management through the NSW planning system and through water management arrangements. All regional and metropolitan water strategies are developed based on an integrated water cycle management approach.”

Hunter Water acknowledges the importance of integrated water cycle management in delivering reliable services and broader benefits for our customers and community.

The Draft Lower Hunter Water Security Plan explored dozens of portfolios of supply and demand measures. Each portfolio included recycled water options and measured the potential avoided costs for our wastewater system.

The Draft Plan includes various ways of increasing the level of recycled water and alternatives water supplies:

- increasing recycled water use at Hunter Water treatment plants
- working with industrial customers to increase the supply of recycled water for industry schemes, which will use a combination of recycled water, stormwater harvesting and groundwater
- working with local councils to deliver local recycled water schemes for irrigation at local sporting fields and parks
- irrigation schemes will use a combination of recycled water, stormwater harvesting and groundwater
- working with local councils and developers to explore viable opportunities for recycling in new residential developments.

Hunter Water’s planning work takes an integrated water cycle management across all activities, not just bulk water planning. Current examples include:

1. Hunter River Estuary Wastewater Masterplan: The masterplan will set the strategic direction for the management of five inland wastewater systems. Through community and stakeholder engagement a range of preferred community values have been identified. The portfolio analysis includes the costs and benefits of recycling, upgrades to reduce nutrient loads and reduced impacts on waterways.
2. Councils Working Group: Hunter Water has partnered with Lower Hunter Councils to facilitate discussion on water conservation and planning initiatives. Hunter Water is working with Councils to understand role of integrated water management in supporting that community-wide liveability outcomes.
3. Maitland pilot study: Hunter Water and key stakeholders have a pilot study in the Maitland LGA aimed at integrating land-use planning and water planning. The project identified gaps in existing planning processes, and recommended servicing opportunities and options. A range of options were identified that contributed to improved community amenity, greening and cooling, enhanced natural landscapes and resilient water supplies.

We acknowledge that we have a role in delivering integrated water cycle outcomes through the Lower Hunter Water Security Plan and investments in our wastewater system. We also highlight the importance of the planning system in facilitating development-scale solutions that make the best use of stormwater and recycled water.

2.4.3. MoU with Department of Planning, Industry and Environment

Hunter Water has worked collaboratively and cooperatively with DPIE over the course of the current licence period. We support retaining the Licence requirement to maintain an MoU with the DPIE. The MoU is effectively a roles and responsibilities protocol between the organisations.

We support drafting in the licence that states the MOU must cover:

- arrangements for the development of the next iteration of the Lower Hunter Water Security Plan, including reference to any DPIE policy or guidance on integrated water cycle management
- arrangements for annual reporting against new MERI requirements
- data sharing arrangements between the agencies
- defining a system yield methodology

3. OBLIGATIONS TO CUSTOMERS

The operating licence sets out conditions relating to community consultation, customer and consumer rights, customer complaints and dispute handling. This section also discusses the rights and obligations of users of Hunter Water services set out in the Customer Contract, and obligations for Hunter Water to consult with customers.

3.1. Customer Contract

The Customer Contract is a schedule to the Operating Licence, as required by the *Hunter Water Act 1991*. It outlines rights and obligations of users of Hunter Water services and sets out minimum standards of customer service.

We undertook an extensive review of our Customer Contract for the 2016-17 end of term review of our operating licence and proposed changes that were largely adopted by IPART with some further minor amendments. Therefore, we are only proposing modest changes as part of this review to:

- facilitate ease of use for both our people and our customers
- ensure consistency of language, provide clarity and better flow
- achieve alignment with Sydney Water's Customer Contract, where beneficial and value adding.

An updated version of our Customer Contract is provided in Appendix 2 for comment. For ease of reference, the changes included in the proposed Customer Contract are set out in Appendix 3. The changes include:

- simplifying to the structure and sequencing of clauses
- refreshing diagrams to provide clarity to our customers as to the roles and responsibilities for repairs and maintenance
- ensuring current practices are referred to while retaining sufficient flexibility appropriate to cover the next 5 years
- calling out where particular provisions apply to drinking water, recycled water or both
- maintaining or increasing rebates for events that cause inconvenience to customers to better reflect customer views and preferences, including relative inconvenience.

Every effort has been made to ensure the wording appropriately balances legal considerations with use of plain language accessible to its customer audience.

3.2. Rebates

Hunter Water provides rebates to customers who experience service level lapses, as set out in the deemed Customer Contract that applies between Hunter Water and property owners.

Rebates are applied as a discount to customers' bills. Rebates generally range from \$38 to \$680 depending on the type of problem experienced, or 3% to 50% off a typical household bill. The highest rebate applies when wastewater overflows onto a customer's property multiple times in a year and equated to the entire annual wastewater service charge for a house when this rebate structure was introduced in 2017-18.

Many of the events eligible for a rebate align with the system performance standards in our Operating Licence. Performance monitoring data therefore serves multiple purposes, which minimises costs and workload. It also maintains our focus on performance against a common set of service level attributes valued by customers.

Our rebate levels are linked to water usage charges. This has two benefits:

- Rebate amounts increase each year, at least by inflation.
- Rebates are more likely to be passed on to the affected occupant that is inconvenienced, because landlords may require tenants to pay water usage charges.¹⁸

We propose continuation of this approach in our 2022-2027 Customer Contract. We are also exploring ways to improve the way rebates appear on customers' bills, to further encourage pass-through to tenants. We note that the introduction of a drought response water usage charge may create complexities in the administration of rebates. For the avoidance of confusion, we intend the rebates to relate to an equivalent water usage at the water usage charge applicable for non-drought response days.

Service level rebates are issued to approximately 10,000 customers per year at an average annual cost of \$500,000.¹⁹ The rebate payments are borne by Hunter Water and are not cross-subsidised by other customers through periodic prices.

An overview of our proposed changes to rebate structures and levels is provided in Table 3.1. These changes are estimated to result in a 50% increase in our average annual cost of rebates. Our proposal has been informed by two phases of customer engagement, feedback from our customer-facing teams on complaints trends and practical considerations. Further detail is provided in the following sections.

Table 3.1 **Summary of current and proposed Customer Contract rebates for service level lapses**

Event category	Event number (per financial year)	Current rebate			Proposed rebate	
		2017-22 Customer Contract		Customer survey results 2021 ^{1,2}	2022-27 customer contract	
		Equivalent kL	\$ in 2021-22		Equivalent kL	\$ in 2021-22
Planned water interruption (> 5 hrs)	1st event	No rebate	No rebate	Not asked	No rebate	No rebate
	2nd event	No rebate	No rebate	Not asked	No rebate	No rebate
	3rd event	15	37.80	63.50 – 72.50	20	50.40
	4 th event onwards	No rebate	No rebate	Not asked	No rebate	No rebate
Unplanned water interruption (> 5 hrs)	1st event	15	37.80	50	20	50.40
	2nd event	15	37.80	Not asked	20	50.40
	3rd event	30	75.60	72.50 – 80.00	32	80.64
Wastewater overflow (dry weather)	1st event	30	75.60	200	40	100.80
	2nd event	60	151.20	366	80	201.60
	3rd event	270	680.40	Not asked	280 ³	705.60
Low water pressure		15	37.80 Once per year	Not asked ⁴	50	50.40

¹⁸ Residential Tenancies Act 2010, section 39.

¹⁹ In accounting and economic regulatory reporting Customer Contract rebates are shown as a revenue offset.

Boil water alert		15	37.80	87 - 95	20	50.40
Dirty water	Ad hoc, on request	5	12.60	60 – 71.50	5	12.60

Notes:

1. Ranges indicate the median response among households including and excluding “don’t know” responses.
2. Customer views on water rebates and wastewater rebates were covered in a separate surveys. The amount shown in the table for the second wastewater overflow reflects customer expectations relative to the first wastewater overflow but neither value is expressed relative to the water service related rebates.
3. Equivalent to the annual wastewater service charge for a house in 2021-22.
4. In our 2020 customer survey there were low expectations amongst households of a rebate for short duration, occasional low water pressure (see Figure 3.1 for further details).

3.2.1. Reflecting customer views and preferences

Over the last 18 months we have engaged with over 2,000 people and around 70 businesses over two phases of customer engagement to obtain a contemporary understanding of customer, consumer and community views on service levels. Both phases included research on rebates for service deficiencies. Descriptions of the research approaches are provided in section 2.2.1. We provide further details in section on the purpose of the rebates component of the customer engagement, a summary of findings and a description of how the findings have been taken into account in our proposal.

In phase one we sought to understand the types inconvenient events for which customer expect a rebate. During interviews and via an online survey we heard:

- The relatively small proportion of customers affected by service failures understand that things go wrong from time to time, feel their issue was addressed quickly and professionally, and don’t have any residual animosity towards Hunter Water. Where the issue is ongoing, there is less confidence that the issue will be resolved.



REBATES
EXPECTATIONS
are NOT HIGH

- A large proportion of survey respondents considered that rebates were only warranted in limited circumstances. The most rebate-worthy events identified were wastewater overflows onto private property, low water pressure all the time, unpleasant tap water smell or taste and dirty/discoloured tap water. Planned interruptions, an unplanned interruption with an alternative water supply provided, a phone call not answered (or put on hold) for more than 10 minutes and once-off low water pressure were considered the least rebate-worthy.
- Infrequent disruptions that are rectified promptly do not require rebates. This finding is consistent with customer engagement by water utilities in other jurisdictions, in which it was found that many customers were not aware of rebates being payable for once-off service level failures and not expecting rebates in those circumstances.

- We are confident that our current rebate categories cover the majority of inconvenient events for which customers expect a rebate, where fault can clearly be determined and all counterparties can be identified.

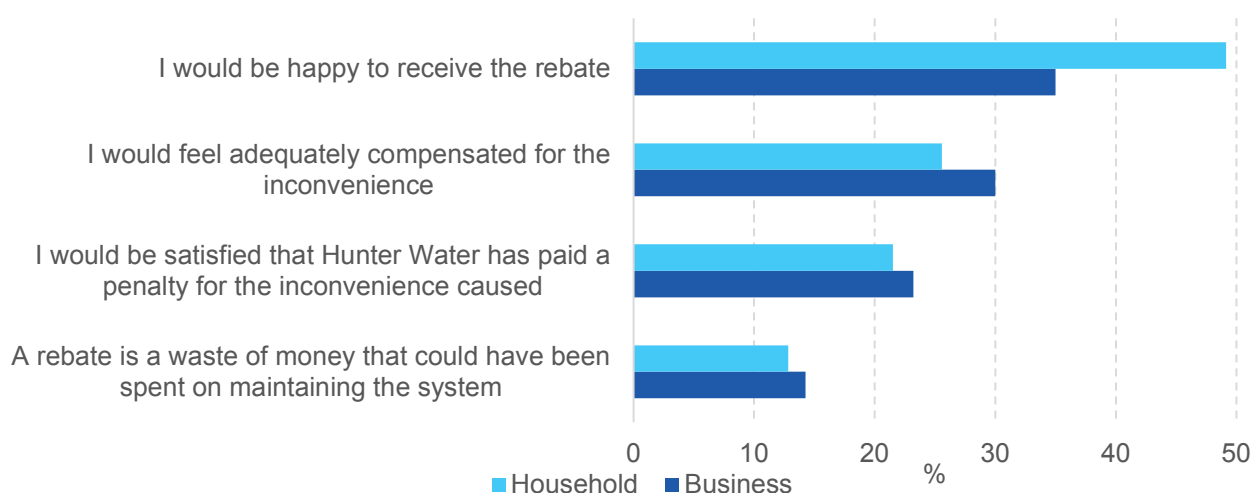
In phase two we sought to understand the customer perceptions of the purpose of rebates. We also wanted to gauge the relative inconvenience of rebate-worthy events and to test the dollar amount below which rebates become tokenistic.

IPART has previously expressed the view that the purpose of rebates is twofold:²⁰

- provide compensation to the customer for inconvenience
- penalise Hunter Water as a signal of “fair play” for poor performance.

We tested customer perceptions based on how they would feel if they received a rebate, as shown in Figure 3.1. We used the same question to test the dollar amount below which rebates become tokenistic, with these results shown separately. At all rebate dollar amounts included in the surveys, respondents considered that the rebate offered an important goodwill gesture but insufficient to fully compensate for the inconvenience caused. The goodwill gesture is more important to customers than Hunter Water paying a penalty. For rebates related to wastewater, both purposes were equally important.

Figure 3.1 Customer views on rebates



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: How would you feel if your water supply was interrupted for an extended period of time (5-8 hours) and you were given a rebate of \$X? (Select all that apply); How would you feel if you experienced a wastewater overflow on your property and were given a rebate of \$X? (Select all that apply).

As mentioned earlier in this submission, we sought to understand whether the lowest rebates that we provided for service level lapses were well received or were an amount considered ‘tokenistic’ (ie, too low to be considered a goodwill gesture). We included a question in each of the water and wastewater surveys about the lowest rebate eligible event. We then gauged the inconvenience of all other rebates compared with this base.

We were mindful that the wording of the survey question may bias responses, particularly if multiple rebate amounts were offered. Our approach involved the survey host randomly drawing a dollar amount from a list of three different amounts. Each respondent was therefore only offered one rebate amount (e.g. \$37), with all amounts offered to one third of the total sample.

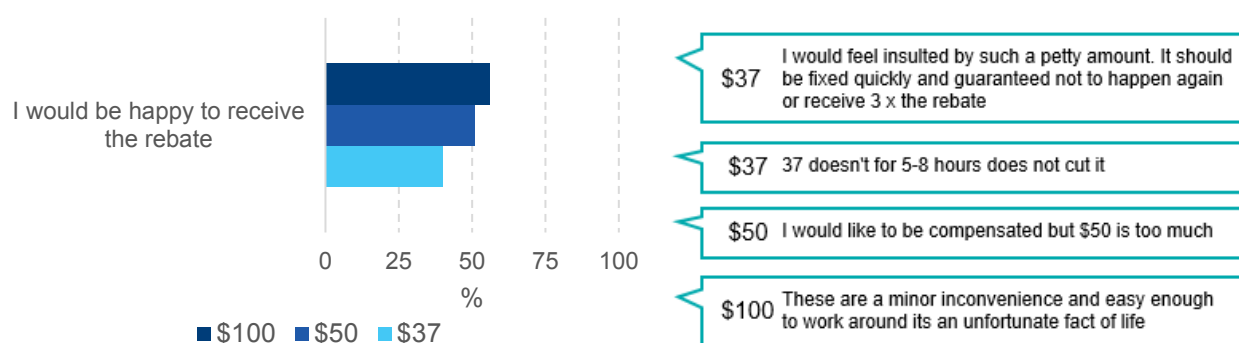
For the water survey, the possible rebate amounts were:

- \$37, roughly the current rebate amount for the first long unplanned water interruption in a year
- \$75, double the current rebate amount
- \$50, a rounded amount in between the others.

At least half of the water survey respondents stated that they would be happy to receive a rebate of \$50 for the first unplanned water interruption (see Figure 3.2). We therefore propose increasing the rebate from the equivalent of 15 kL to 20 kL (from \$37.80 to \$50.40 based on 2021-22 water usage charges). It is noted however that customer views varied.

²⁰ IPART, 2017, Final Report for Review of Hunter Water’s Operating Licence, page 69.

Figure 3.2 Customer views on the minimum rebate for an inconvenient water event



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: How would you feel if your water supply was interrupted for an extended period of time (5-8 hours) and you were given a rebate of \$X? (Select all that apply)

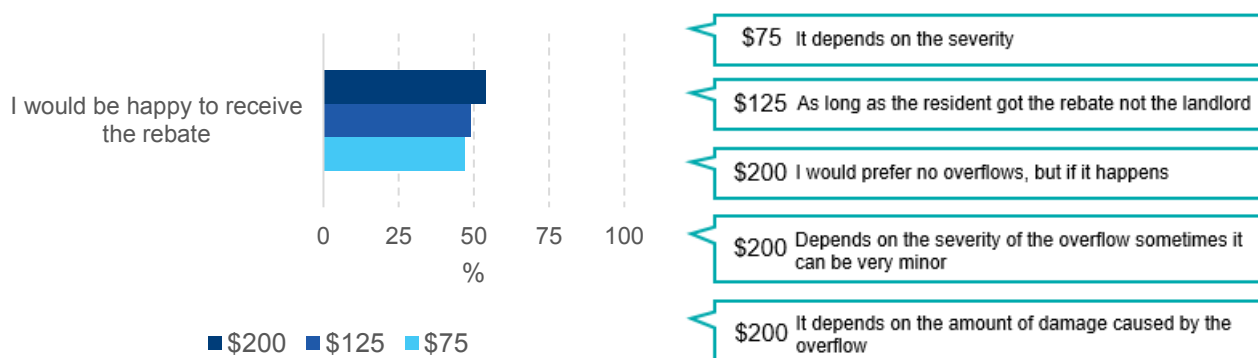
For the wastewater survey, the possible rebate amounts were:

- \$75, roughly the current rebate amount for the first dry weather wastewater overflow
- \$125, a little more than the current rebate amount
- \$200, a lot more than the current rebate amount.

At least half of the water survey respondents stated that they would be happy to receive a rebate of \$200 for the first wastewater overflow onto their property (see Figure 3.3). However, almost half (49%) would be happy to receive a rebate of \$125. As for water, customer views varied with some respondents considering the same amount to be too little or too much.

A shortcoming of the approach adopted for the survey is that we did not test the relative inconvenience between water events and wastewater events. We also did not provide context on the number of rebates provided each year or ask respondents to trade-off alternative uses for the money. On considering these factors, we have decided to propose increasing the rebate for the first wastewater overflow a little and maintain the relativity with the rebate for the first unplanned water interruption (ie, double).

Figure 3.3 Customer views on the minimum rebate for an inconvenient wastewater event



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: How would you feel if you experienced a wastewater overflow on your property and were given a rebate of \$X? (Select all that apply)

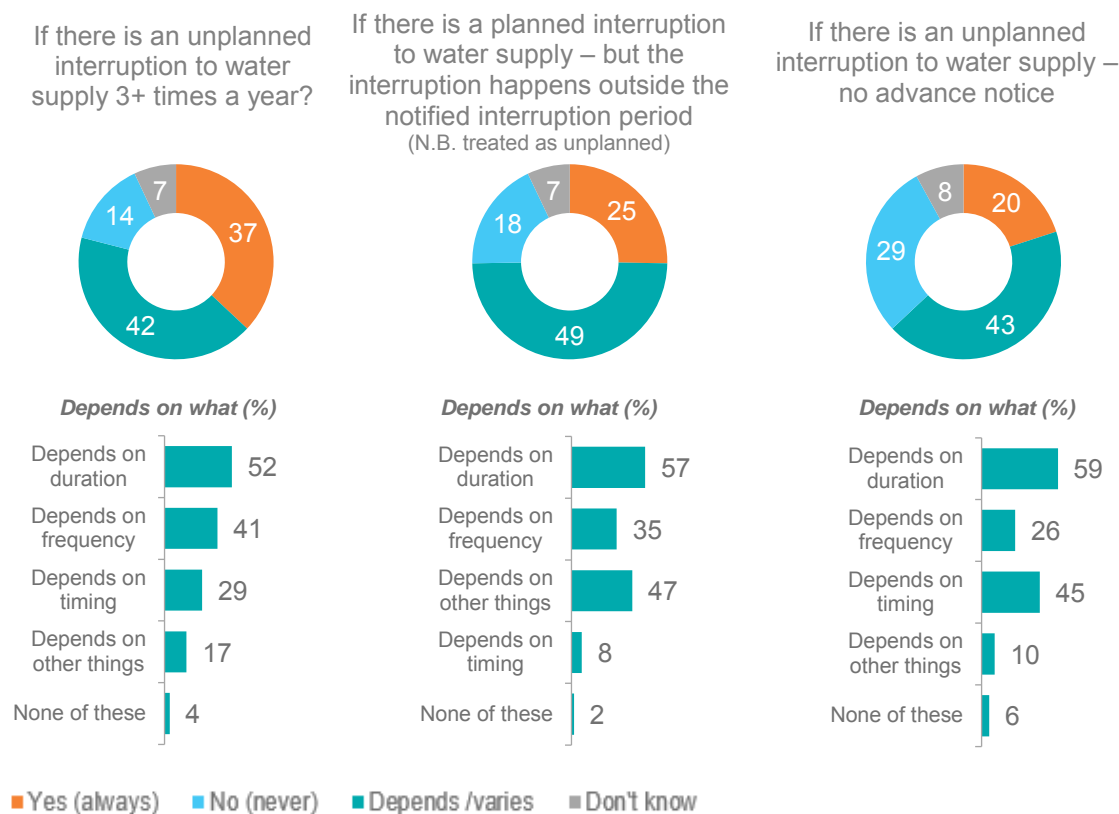
3.2.2. Unplanned drinking water service interruptions

We propose the following changes:

- Removing the limitation that the rebate only applies for interruptions that occur during peak hours as it is causing interpretation complexities.
- Increasing the rebate from the equivalent of 15 kL to 20 kL for the first and second events in a financial year (from \$37.80 to \$50.40 based on 2021-22 water usage charges)
- Increasing the rebate from the equivalent of 30 kL to 32 kL for the third event in a financial year (from \$75.60 to \$80.64 based on 2021-22 water usage charges)

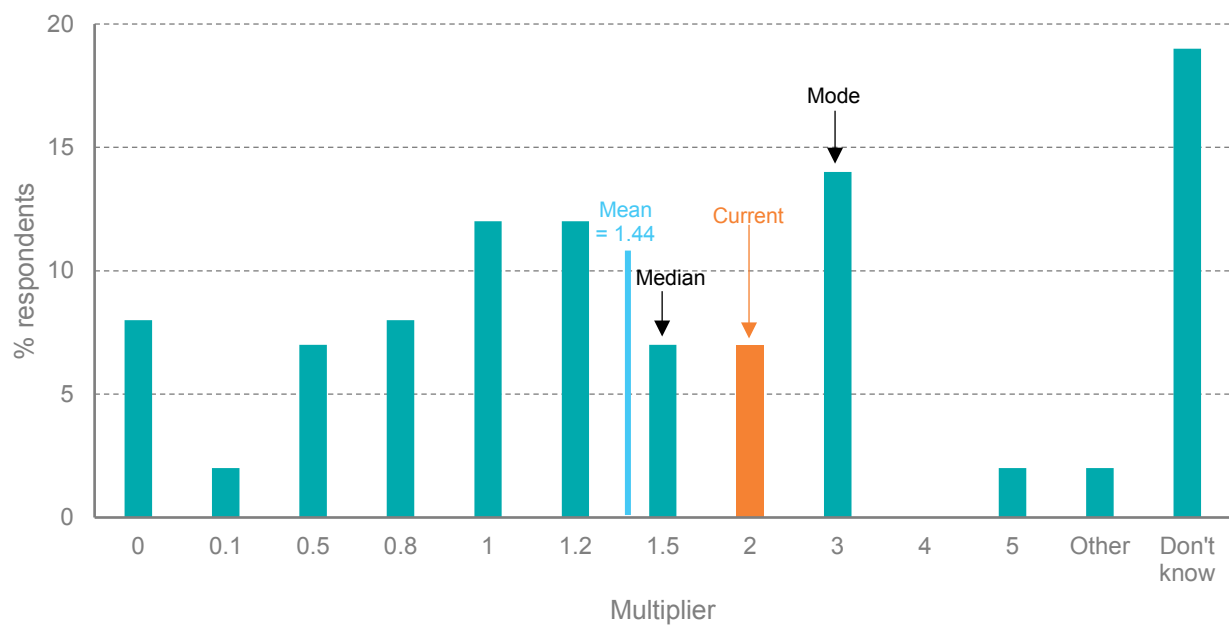
The current rebates for unplanned water interruptions lasting more than five continuous hours increase the more frequently the customer experiences this inconvenience in a financial year. We note this aligns with increasing customer expectations of a rebate with more frequent rebate (See Figure 3.4). We propose retaining this approach but adjusting the relativities to better reflect the mean customer expectation in our phase two survey (see Figure 3.5).

Figure 3.4 Customer expectations of a rebate for unplanned water interruptions



Source: Kantar Public and Frontier Economics, 2020, Identifying service level and attributes customers value, customer research. Q17A&Q17B: For each of the following situations, please indicate whether you would expect a rebate. Base: (n=1,002). As figures have been rounded, they may not all add to 100%. Q17B is multiple response so will not add to 100%. Labels have been suppressed where %'s are less than 3% to aid with presentation.

Figure 3.5 Customer views on relative inconvenience between first and third long unplanned interruption



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: Compared to a rebate for one unexpected water interruption lasting 5-8 hours, how much should the rebate be for three unexpected water interruptions within a 12-month period each lasting 5-8 hours? Note: Mode excludes "Don't know" responses.

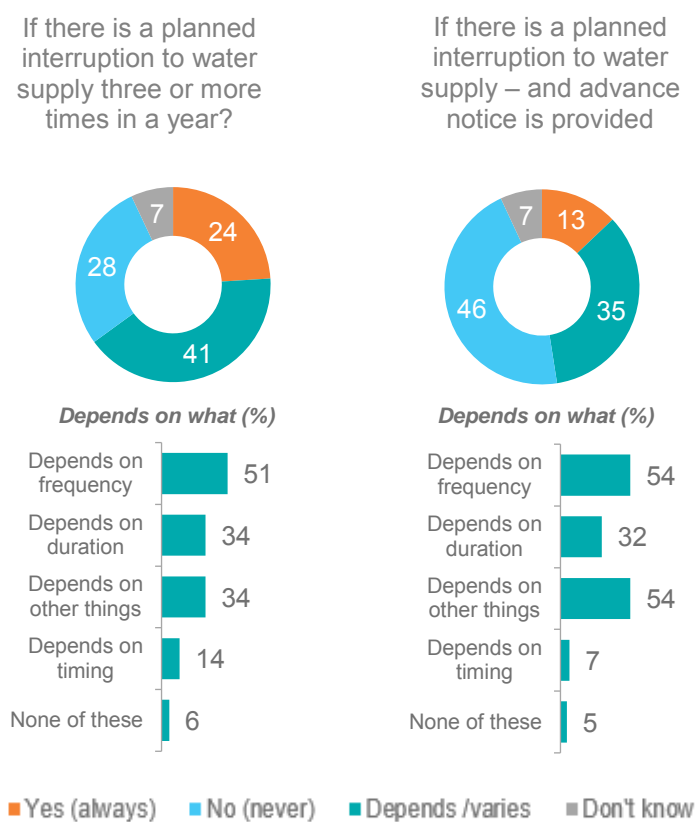
3.2.3. Planned drinking water service interruptions

We propose the following changes:

- Removing the limitation that the rebate only applies for interruptions that occur during peak hours as it is causing interpretation complexities.
- Increasing the rebate from the equivalent of 15 kL to 20 kL for the third events in a financial year (from \$37.80 to \$50.40 based on 2021-22 water usage charges)

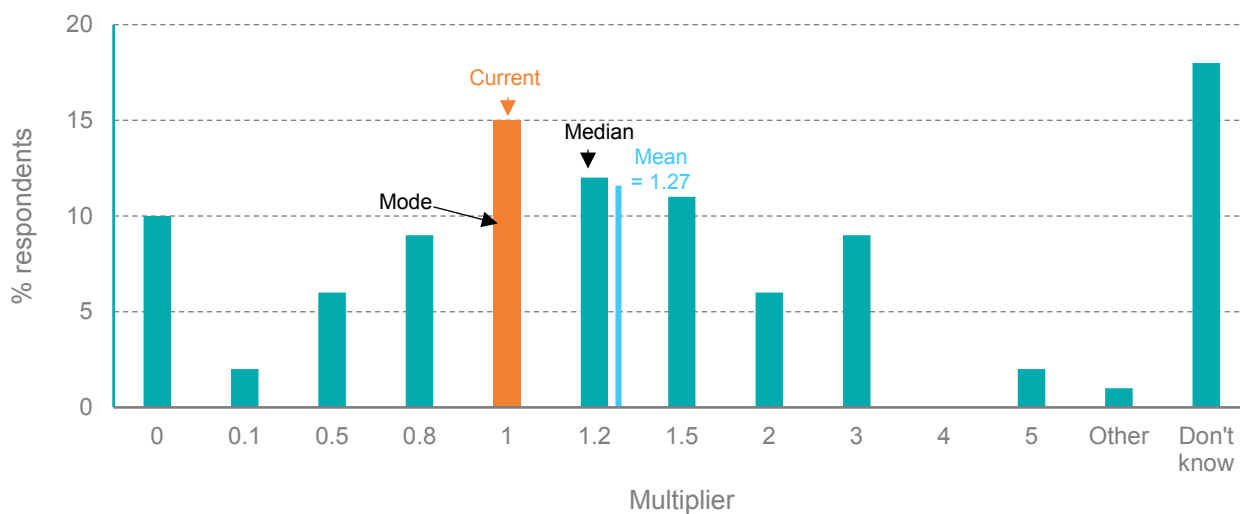
Customers told us that planned water interruptions are less rebate-worthy than unplanned water interruptions (see Figure 3.6). Expectations of a rebate after the third planned interruption in a year are similar to those after the first long unplanned water interruption in a year (compare Figure 3.4 and Figure 3.6). Customers also told us that relative rebate level between these two types of inconvenient events is about right (see Figure 3.7)

Figure 3.6 Customer expectations of a rebate for planned water interruptions



Source: Kantar Public and Frontier Economics, 2020, Identifying service level and attributes customers value, customer research. Q17A&Q17B: For each of the following situations, please indicate whether you would expect a rebate. Base: (n=1,002). As figures have been rounded, they may not all add to 100%. Q17B is multiple response so will not add to 100%. Labels have been suppressed where %'s are less than 3% to aid with presentation.

Figure 3.7 Customer views on relative inconvenience between first long unplanned interruption and third planned interruption



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: Compared to a rebate for one unexpected water interruption lasting 5-8 hours, how much should the rebate be for three water interruptions with advance warning within a 12-month period each lasting 5-8 hours? Note: Mode excludes "Don't know" responses.

3.2.4. Low drinking water service pressure

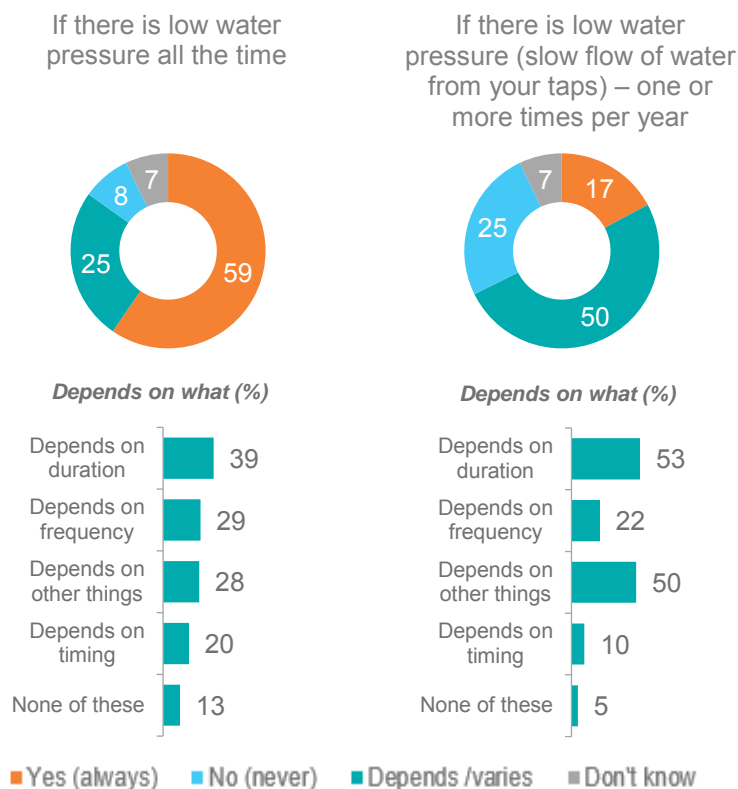
We propose increasing the rebate from the equivalent of 15 kL to 20 kL, payable once per financial year as per current arrangements (from \$37.80 to \$50.40 based on 2021-22 water usage charges).

The current rebate for low water pressure is the same as the rebate for the first unplanned water interruption lasting over 5 hours in a financial year. We propose retaining this relativity.

We note that the rebate applies equally to customers experiencing frequent and occasional low water pressure, despite there being a lower expectation of a rebate for the latter (see Figure 3.8).

Participants in the phase one qualitative research also expressed concern that there were some customers that have low pressure all the time (in the absence of information about the costs to resolve the issues). We considered discontinuing the rebate for occasional low water pressure and replacing it with a higher rebate for small clusters of properties receiving frequent low water pressure. We intend to proactively consider customer outcomes and accountability for rectifying 'hot spots' receiving the worst service levels as part of our next pricing proposal.

Figure 3.8 Customer expectations of a rebate for low water pressure



Source: Kantar Public and Frontier Economics, 2020, Identifying service level and attributes customers value, customer research. Q17A&Q17B: For each of the following situations, please indicate whether you would expect a rebate. Base: (n=1,002). As figures have been rounded, they may not all add to 100%. Q17B is multiple response so will not add to 100%. Labels have been suppressed where %'s are less than 3% to aid with presentation

3.2.5. Wastewater overflows

We propose the following changes:

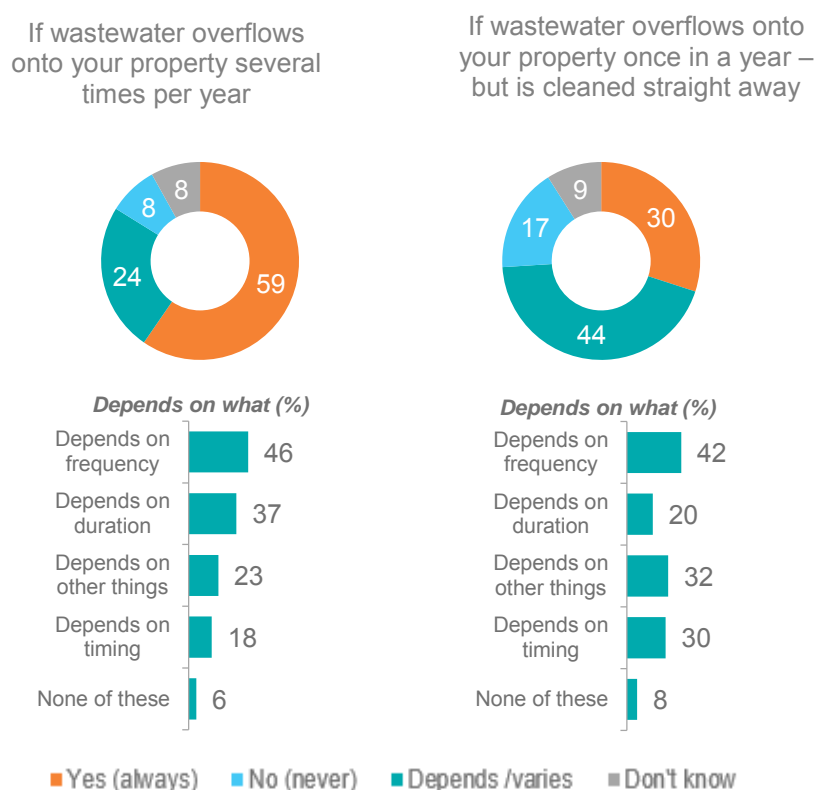
- Increasing the rebate from the equivalent of 30 kL to 40 kL for the first event in a financial year (from \$37.80 to \$50.40 based on 2021-22 water usage charges)
- Increasing the rebate from the equivalent of 60 kL to 80 kL for the first event in a financial year (from \$37.80 to \$50.40 based on 2021-22 water usage charges)
- Increasing the rebate from the equivalent of 270 kL to 280 kL for the third event in a financial year (from \$75.60 to \$80.64 based on 2021-22 water usage charges)

The current rebates for uncontrolled dry weather wastewater overflows onto private property increase the more frequently the customer experiences this inconvenience in a financial year. We note this aligns with increasing customer expectations of a rebate with more frequent overflows (see Figure 3.9). We propose retaining this approach. We propose rebasing the rebate for the first overflow, as described in section 3.2.1. Customers told us that the current relativities in inconvenience between the first and second overflow are about right (see Figure 3.10). We therefore propose maintaining the rebate for the second overflow at double the amount for the first overflow.

We considered inferring the relative inconvenience of the third overflow in a year from the discrete choice experiment questions. However, this would have deviated significantly from the approach taken for other rebate events and therefore been distortionary. We propose maintaining our rebate for the third wastewater overflow in a year as the equivalent of the entire wastewater service charge capped at the amount payable for a house. This approach:

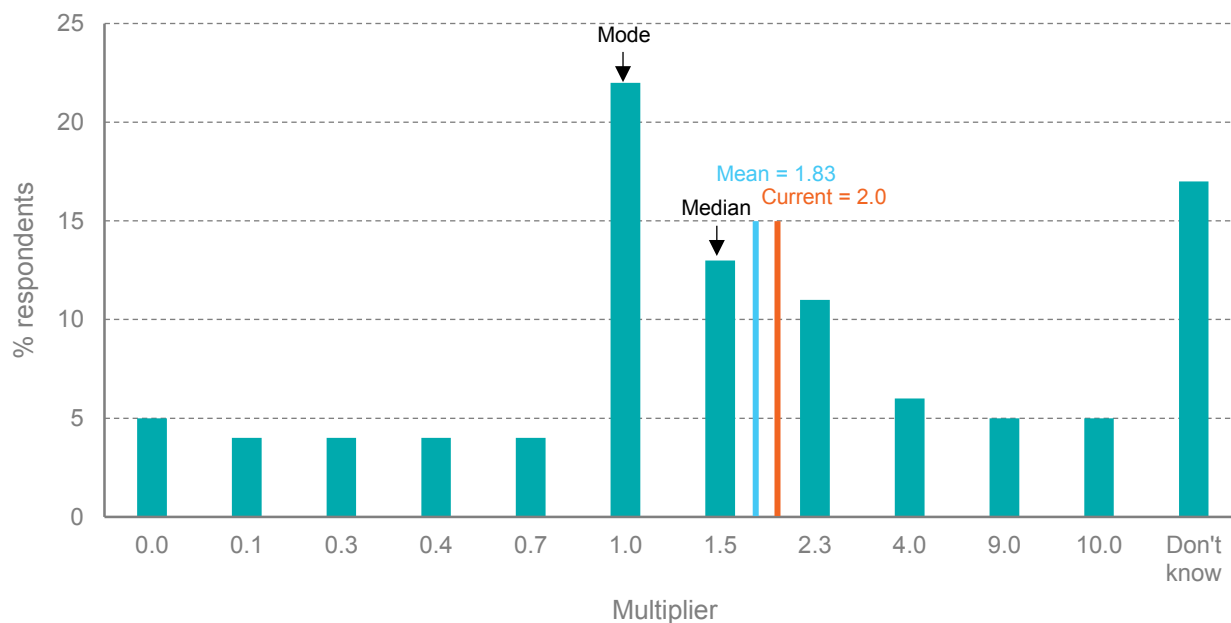
- enables us to calculate a volumetric equivalent independent of property type, which is easier to administer and increases the chance of the rebate being passed through to the inconvenienced occupant
- recognises that the inconvenience of wastewater overflows does not necessarily relate to the property type. For example, some businesses that pay a large wastewater service charge would not experience any more inconvenience from a wastewater overflow than a household, depending on the nature of their business and location of the overflow. In some cases the inconvenience may be lower, due to the ability to 'fence off' or isolate the affected area from employees and visitors.

Figure 3.9 *Customer expectations of a rebate for wastewater overflows*



Source: Kantar Public and Frontier Economics, 2020, Identifying service level and attributes customers value, customer research.
 Q17A&Q17B: For each of the following situations, please indicate whether you would expect a rebate. Base: (n=1,002). As figures have been rounded, they may not all add to 100%. Q17B is multiple response so will not add to 100%. Labels have been suppressed where %'s are less than 3% to aid with presentation.

Figure 3.10 Customer views on the relative inconvenience between the first and second wastewater overflow



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: What level of rebate do you feel is reasonable to be paid for: one wastewater overflow on your property ('single overflow'); a wastewater overflow on your property within 12 months of a previous overflow ('repeat overflow'). Please allocate 100 tokens across the two events to show how inconvenient you think each event would be. For example, if you choose 50/50, you are saying the rebate should be the same for the two events. If you choose 20/80, you are saying the rebate for a repeat overflow should be four times greater than the rebate for a single overflow. Note: In this graph the results have been converted to a similar format to rebates relating to water, for ease of interpretation.

3.2.6. Discoloured water from the drinking water system

We do not propose any changes to the eligibility, mechanism for requesting a rebate or rebate amount. We propose changing the rebate name from 'dirty' water to 'discoloured' water to clarify that the aesthetic condition of the water may not reflect its safety. Customers expect a rebate for discoloured water (see Figure 3.11). Currently we may provide customers with a refund of the cost of water used to flush their water system, once a request is made. Customers indicated that receiving discoloured water is as inconvenient as one long unplanned interruption (see Figure 3.12). This implies that customers would expect a rebate closer to \$50 than the current \$13 (i.e. 20 kL rather than 5 kL).

We consider that receiving discoloured water is a different type of inconvenient event compared to the other events that are eligible for a rebate:

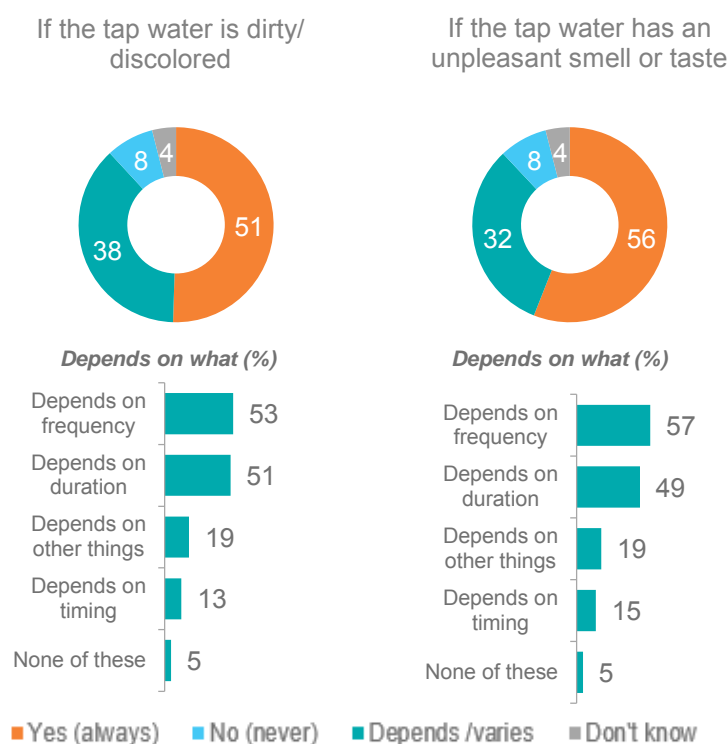
- customers can generally rectify the situation themselves by running water through a tap until it runs clear whereas most other service level lapses require Hunter Water intervention to rectify
- the cost of rectification is readily identifiable, with 5 kilolitres the most common volume of water needed to flush the pipes
- it is not uncommon for the discolouration to be caused by the customer's own plumbing rather than our water system.

Customers also expect a rebate if water from the drinking water system has an unpleasant smell or taste (see Figure 3.11). We are not proposing to introduce a new rebate because:

- customers tend to gauge taste and odour in a relative manner rather than in binary absolute terms i.e. observing changes rather than 'good' or 'bad'
- it would be difficult to confirm all complaints and identify all potentially affected counterparties to fairly distribute rebates.

We do treat customer reports of tastes and odours seriously. We follow up reports to determine the potential cause and temporal nature, reporting regularly to NSW Health.

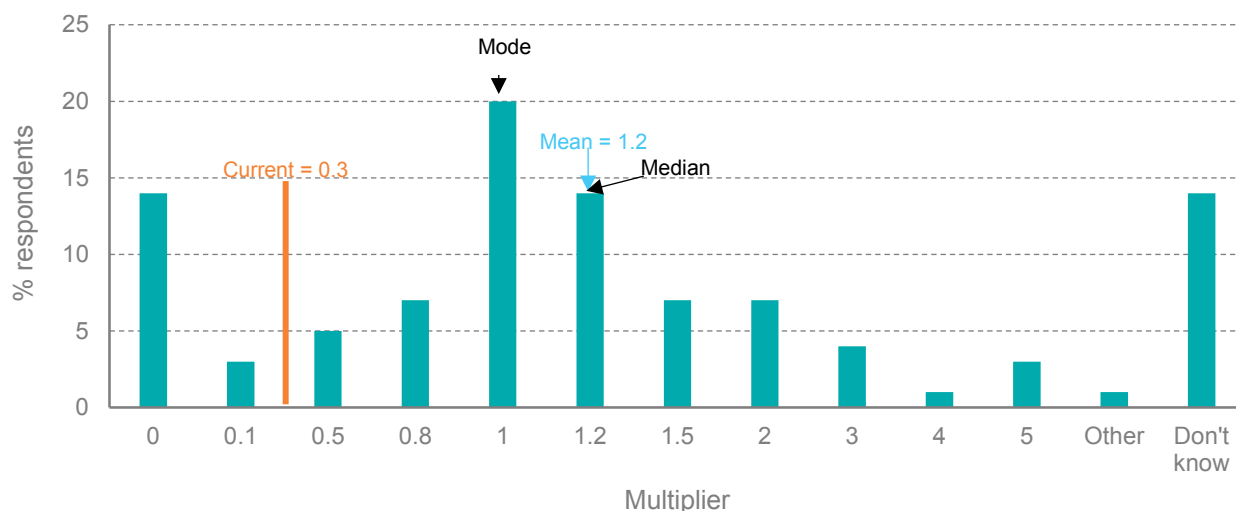
Figure 3.11 Customer expectations of a rebate for aesthetic water quality



Source: Kantar Public and Frontier Economics, 2020, Identifying service level and attributes customers value, customer research. Q17A&Q17B: For each of the following situations, please indicate whether you would expect a rebate. Base: (n=1,002). As figures have

been rounded, they may not all add to 100%. Q17B is multiple response so will not add to 100%. Labels have been suppressed where %'s are less than 3% to aid with presentation

Figure 3.12 Customer views on relative inconvenience between a long unplanned interruption and discoloured water



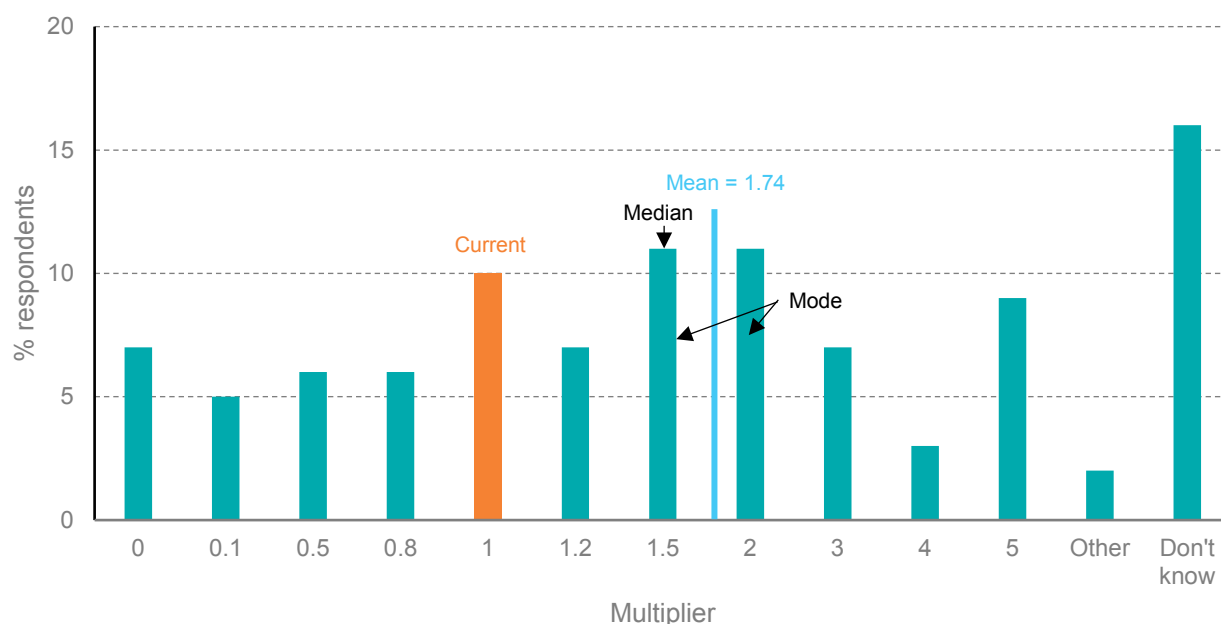
Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: Compared to a rebate for one unexpected water interruption lasting 5-8 hours, how much should the rebate be for discoloured (dirty) water for two hours?

3.2.7. Boil water alert

We propose increasing the rebate from the equivalent of 15 kL to 20 kL (from \$37.80 to \$50.40 based on 2021-22 water usage charges).

In our phase one qualitative and quantitative customer research, customers and consumers told us that the provision of safe, clean water is the highest priority area. It is therefore unsurprising that provision of low water quality resulting in NSW Health issuing a notice that the water is only safe to drink after boiling was perceived as a very inconvenient event in our phase two survey (see Figure 3.16). We are proposing a more modest increase in the rebate level. This approach recognises that a boil water alert is highly unlikely to occur but it could affect a large proportion of the customer base due to highly interconnected nature of the water supply system.

Figure 3.13 Customer views on relative inconvenience between a long unplanned interruption and a boil water alert



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. Q: Compared to a rebate for one unexpected water interruption lasting 5-8 hours, how much should the rebate be for a boil water alert issued by NSW Health lasting two days?

3.2.8. Other considerations

It is timely to consider how service level lapses are best addressed across pricing and licensing, given IPART's concurrent review of how it regulates water businesses. Our customer engagement work to inform this review of the system performance standards and service level rebates has raised our awareness that our Operating Licence and Customer Contract are rigid constructs that are constraining our ability to innovate in how we demonstrate our accountability for delivering service outcomes that customers' value. A review of practices in other jurisdictions suggests that accountability for delivering customer outcomes need not be demonstrated via licensing nor via rebates.

In 2017, as part of the last end of term review of our Operating Licence, IPART analysed the structure and amount of rebates across Australia and found that there were different approaches to rebates across jurisdictions.²¹ It found that rebates are not offered in Queensland, South Australia and Western Australia. In Victoria, all water utilities that include a retail function must offer rebates (called Guaranteed Service Levels) however rebate levels vary geographically and the costs are borne by the broader customer base via periodic pricing. Guaranteed Service Levels are set as part of the pricing process rather than via licensing. The Victorian water utilities have also become more innovative demonstrating accountability for delivering valued customer outcomes.

We have previously referenced the following incentives and penalties proposed by Victorian water businesses:²²

- Westernport Water committed to provide a scaled performance rebate ranging from \$5 to \$20 to each customer in the first year of the next price period, if its outcome targets are not met. This is in addition to service level rebates associated with failing to achieve Guaranteed Service Levels (GSLs).²³

²¹ IPART, 2017, Review of the Hunter Water Corporation Operating Licence 2017-2022, Final Report, page 4.

²² Hunter Water, 2021, Lifting Performance in the water sector: Response to IPART's Discussion Paper 1, Regulating water businesses special review, page 31.

²³ Westernport Water, 2017, Price submission 2018-23: Our best offer, pages 17 and 18.

- Yarra Valley Water, reflecting its customers' preference for a financial penalty, committed to return \$1.5m through lower prices the following year for each of the seven outcomes not achieved (a total of \$52.5m over 5 years, equivalent to 11% of their revenue requirement), plus reducing prices to reflect the saved interest if any of their top 10 capital projects is deferred.²⁴
- Gippsland Water committed to pay into a fund for water-related community investment (e.g. water fountains) each time it fails to achieve a GSL of a communal nature (service level failure situations when it is not feasible to identify an individual counter-party).²⁵

In the medium to long term, it may be in the long-term interests of customers for IPART to consider service level rebates as part of their pricing function. Such an approach may have benefits through:

- providing room for water businesses to propose a more innovative suite of incentives to deliver on commitments that reflect customer preferences
- keeping water businesses and customers focussed on cost-service level trade-offs, particularly the collective impacts on bill affordability and the overall value proposition
- providing flexibility for water businesses to respond to changes in customer preferences intra-period.

We sought to further explore this concept during phase two of our customer engagement, after considering the findings from phase one. A large proportion of survey respondents considered rebates were only warranted in limited circumstances. Infrequent disruptions rectified promptly do not require rebates. Water utilities in other jurisdictions conducted customer engagement resulting in consistent findings. Many customers were not aware of rebates being payable for one-off service level failures.

Another aspect of the research found that Hunter Water's performance in sustainability and environmental outcomes is important to customers, however some expressed concerns about the potential impacts on bill affordability.

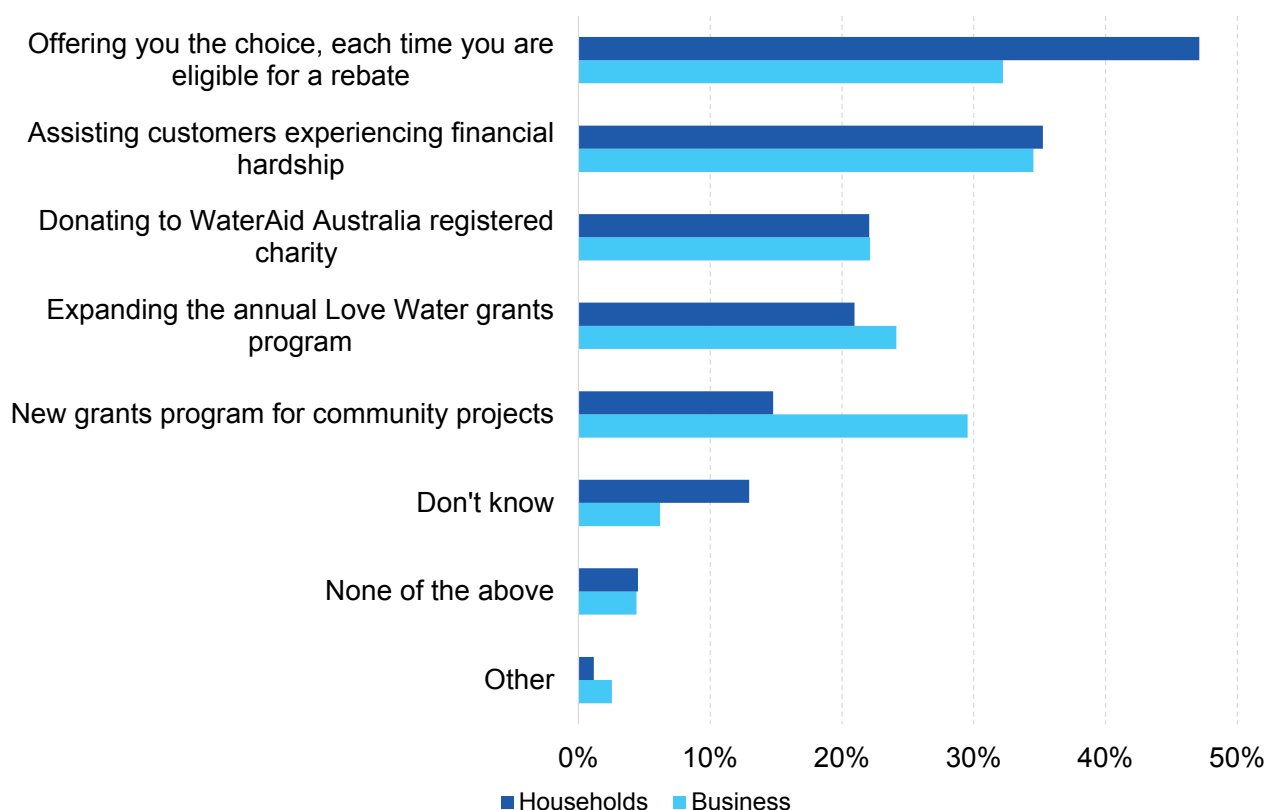
These findings show customers may prefer alternatives to rebates for some service failures. For example, equivalent funds could be redirected to expanded or new grants schemes whereby Hunter Water co-funds community projects contributing to environmental sustainability outcomes.

Both our water and wastewater surveys included a question that sought to gauge the acceptability of alternatives that would still serve as a penalty to Hunter Water but may improve customer satisfaction. The most popular alternatives to receiving rebates were being offered the choice each time the customer becomes eligible for a rebate or assisting customers experiencing financial hardship. Businesses were more likely than households to prefer the grants program for community projects. The results were consistent across the water and wastewater survey responses and are shown in consolidated form in Figure 3.14.

²⁴ Yarra Valley Water, 2017, Price submission, pages 7 and 14.

²⁵ Gippsland Water, 2017, 2018 Water Price Review: Gippsland Water's Price Submission, page 26.

Figure 3.14 Acceptability of alternatives to rebates



Source: The CIE, 2021, Customer willingness to pay: water and wastewater system performance, Appendix. *Qu: In a survey we conducted last year a large proportion of customers told us they did not expect a rebate for once-off or infrequent disruptions that are fixed quickly. There are other ways Hunter Water could be penalised for the inconvenience caused. Which of the following ways would be acceptable to you? (Select all that apply)*

We are not proposing removal of rebates from our 2022-2027 Customer Contract. We would like to further consider the costs of implementing varying forms of customer choice in accountability mechanism and the likely level of uptake. We would also like to further consider the interdependencies with IPART's concurrent review of how it regulates water businesses, particularly the 3Cs model proposed in IPART's Discussion Paper 3 for that review.

3.3. Protecting customers' rights

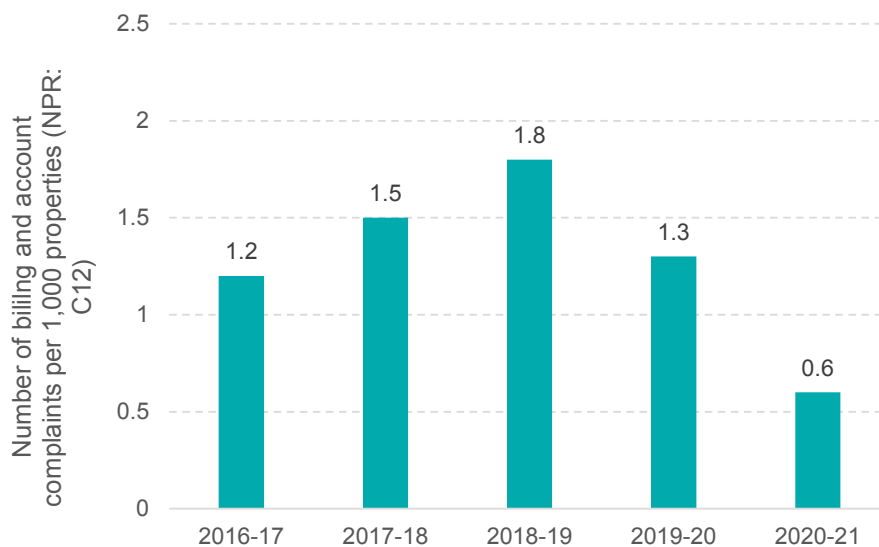
3.3.1. Customer billing

Billing complaints have fallen significantly

Hunter Water acknowledges the relatively high number of billing-related complaints in past years.

We were aware of the upwards trend in billing complaints over the period 2016 to 2018. Consequently, we implemented a number of changes to our systems, processes and operational practices. This has resulted in a marked improvement in our performance in the past 2 years, as shown in Figure 3.15. Our customers lodged half as many billing and account complaints in 2020-21 as the previous year, and two-thirds fewer than in 2018-19.²⁶

Figure 3.15 Hunter Water's annual billing and account complaints (per 1,000 properties, NPR: C12)



Source: Hunter Water.

Hunter Water's current rate of billing and account complaints is now closer to the median of other major utilities.²⁷ Figure 3.16 shows our 2020-21 and 2019-20 billing performance compared to other major utility performance in 2019-20, the most recent year of published data.

In absolute terms, billing and account complaints fell to 149 in 2020-21, compared to 336 the prior year. Figure 3.17 shows the breakdown of these complaints by category. We provide a summary of the typical causes or type of complaints that make up each complaint category in Table 3.2.

²⁶ We provided our billing performance for 2020-21 to IPART in September as part of our National Performance Report (NPR) requirements. It will be published in our Annual Report by December 2022, and reported in the NPR in February 2022.

²⁷ The NPR defines major water utilities as those with 100,000+ connected properties.

Figure 3.16 *Hunter Water billing complaints (2019-20 and 2020-21) compared to other major water utilities*

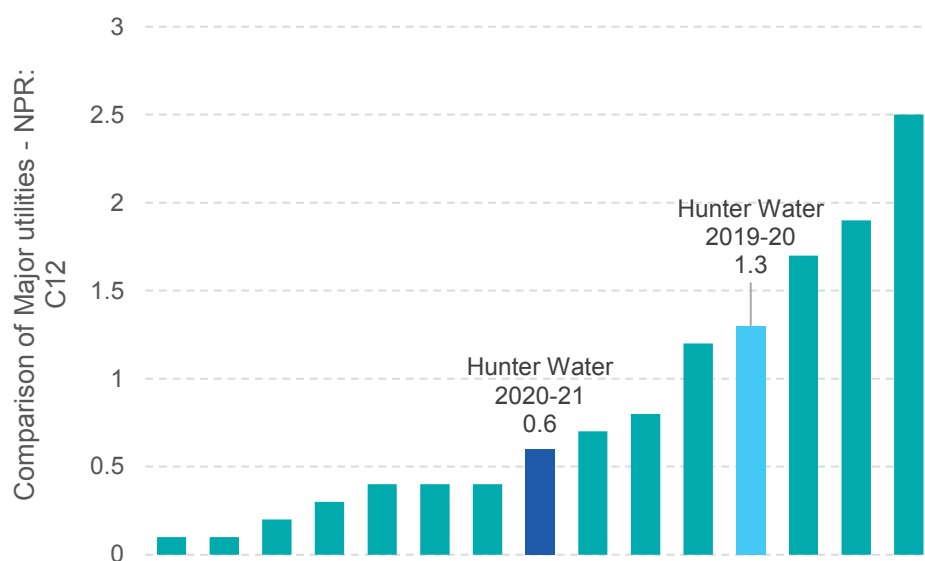


Figure 3.17 *Breakdown of billing complaints by category, 2019-20 and 2020-21*

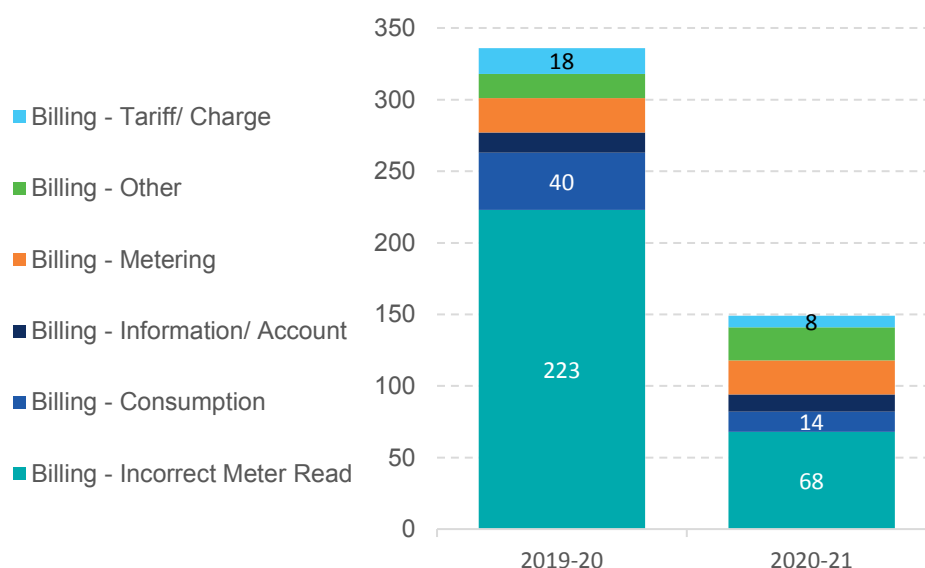


Table 3.2 *Billing complaint categories*

Complaint category	Billing errors related to:
Incorrect meter read	Incorrect water usage charges as a result of a meter reading error
Consumption	Consumption/usage recorded and billed as a result of Hunter Water error not related to meter reading: water leaking from meter, incorrect water usage charge due to billing system error or incorrect property data
Information / account	Land parcel and property details, bill delays, processing errors
Metering	Incorrect meter details, sub-metering and configurations, meter access, meter exchange
Other	Change of ownership, direct debits, pensioner details, property details, interest charges, account adjustments, restrictions/disconnections, undetected leaks
Tariff / charge	Incorrect service charges or sewer discharge factors

Improving our systems and operational focus has reduced complaints

The main driver of improvement is more accurate billing of water usage due to fewer meter reading errors.

In March 2019, we implemented new meter reading software that allows better validation of information, including the use of photographs for exceptions, before a reading is uploaded to the billing system. These complaints fell from 223 in 2019-20 to 68 in 2020-21 (see Figure 3.17), which is 0.01% complaints as a proportion of all meter reads. We will continue to explore ways of improving our meter reading system functionality to reduce and eliminate these types of complaints.

In 2020-21, we billed two of three billing periods using our new billing system – Velocity.

The Velocity system replaced our 20-year old Customer Information System. The Velocity system has a far better bill validation capability, underpinned by business rules that flag a customer's bill for review if the calculated values indicate a possible error. Where a validation is triggered, manual intervention and review is required before a bill can be generated. This helps avoid a negative customer experience and subsequent complaint. Validation flags include:

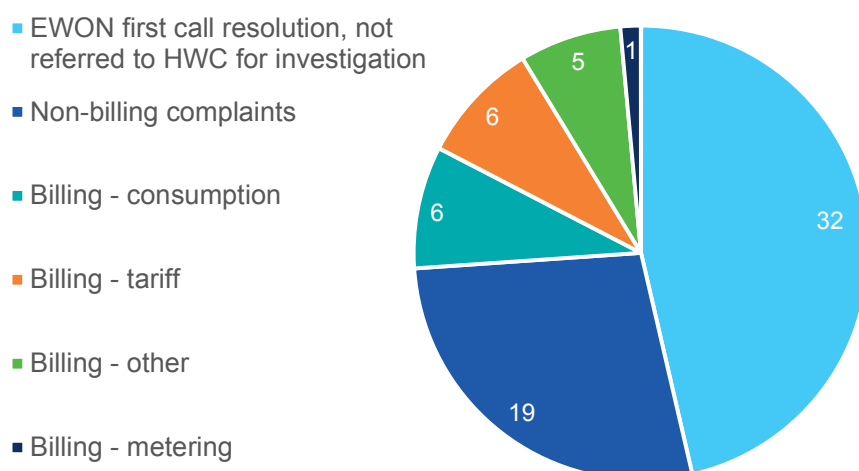
- a large increase or decrease in the bill relative to historical averages for the property
- a bill exceeds threshold values for particular customer types
- any anomaly relating to the length of bill period or sub-metering arrangements.

Our substantial investment in a modern billing system with improved functionality will help drive down billing-related complaints.

Most complaints requiring external dispute resolution do not relate to billing errors

Hunter Water is a member of the Energy and Water Ombudsman NSW, an external dispute-resolution provider. A breakdown of customer complaints received by EWON about Hunter Water is provided in Figure 3.18. Eighteen of the complaints EWON referred to Hunter Water for investigation in 2020-21 related to billing, of which we attribute fewer than five to billing errors.

Figure 3.18 Breakdown of complaints received by EWON about Hunter Water, 2020-21



Reducing billing errors

We had a 0.6 per 1,000 properties complaint rate in 2020-21.

We read meters and bill our customers three times per year. Across 250,000 customers, that equals about 1.5 million customer 'billing interactions' per year, or opportunities for an error to be made.

Recording 149 complaints across these 1.5 million opportunities means that about 99.99% of these interactions do not result in a complaint. In process control theory (Six Sigma), that defect rate equals a process sigma of 5.2 and demonstrates appropriately strong control.

Although this overall defect rate is low, it does mean that some of our customers are dissatisfied with their billing experience each year. We plan to keep improving our performance in 2021-22, by:

- adding new functionality to our billing system that targets key drivers of customer complaints in an effort to reduce their frequency
- undertaking an internal pricing assurance project that develops a suite of reports used to ensure all data within the new billing system is regularly reviewed for accuracy and currency. These reports will be used as lead indicators of potential billing complaints and will complement the automated validation processes within the system.
- investing in additional digital service offerings such as customer applications, electronic billing and customer self-service portals
- trialling digital metering technology.

In combination, the recent and planned improvements should further improve customer satisfaction by ensuring each bill is delivered to the right customer, at the right time, with the right charges.

We consider that adding new licence requirements relating to billing will not materially drive complaints lower. We were aware of the problem when it emerged, and responded by making the changes outlined in this section, including building and implementing a modern billing system.

Further, we are of the view that there are existing channels to report our billing complaint performance, including the National Performance Report, Hunter Water's annual report, and EWON's annual report.²⁸

²⁸ Hunter Water Annual Report, available here: <https://www.hunterwater.com.au/about-us/publications/annual-report>; Bureau of Meteorology, National Performance Report: available here: <http://www.bom.gov.au/water/npr/>; Energy and Water Ombudsman NSW, Annual Report: available here: <https://www.ewon.com.au/page/publications-and-submissions/annual-reports>

3.3.2. Requiring Hunter Water to make services available

We support retaining this condition as a customer protection measure.

3.3.3. Account assistance programs and timely advice about payment options

We agree with IPART that account assistance programs are crucial for protecting vulnerable customers experiencing financial difficulties. We would continue to provide them in the absence of licence requirement as it is the right thing to do for our community.

Hunter Water does not oppose the inclusion of a licence requirement obliging us to provide these services.

We identify customers experiencing financial difficulties in several ways:

- self-reporting by customers experiencing difficulties via phone, face to face, email, or other channels
- identifying customers experiencing payment difficulty if they 'break' the terms of agreed payment plans e.g. through routine review of aged debt/outstanding balances
- referrals from community service providers, who identify customers requiring payment support assistance.

When we assess that a customer is vulnerable, based on their capacity to pay, we exclude them from all collection action and interest charges. The customer is provided information and offered our payment assistance options. We rely on community service partners for third-party assessment and confirmation of eligibility for payment assistance scheme credits to be applied to a customer's account. We also link the customer to any other support they may need at this time.

In response to the COVID-19 pandemic in early 2020, we made a number of changes to better support vulnerable customers:

- eliminating the need for third-party referral in approving payment assistance scheme eligibility, ensuring timely access to the relief
- including non-residential, small business customers dealing with lockdowns and financial impacts into our account assistance program, including the payment assistance scheme
- restoring full service for any property owner with existing restrictions and ceasing any new restrictions of water services to ensure essential service provision.

IPART's Issues Paper suggests that without a licence requirement: *"Customers or consumers could be at risk of having minimal or no water service availability for basic hygiene and drinking water"*.²⁹

To clarify, Hunter Water never disconnects customer's water services. We do apply restrictions for non-payment, in some cases, as a last resort after many attempts of engagement across different channels. Restricted water is low-flow but still provides sufficient water for hand-washing hygiene and drinking water purposes.

The decision to cease restrictions for non-payment during COVID was not directed by Government. We decided making the changes described was the right thing to do by our community.

IPART proposes to include a new requirement that Hunter Water provides information about the payment options available **on the day** we first identify that a customer is experiencing payment difficulty. We believe we currently meet the intent of this requirement:

- When a customer self-reports financial or payment difficulties, we provide information immediately at first point of contact over the phone, or within 24 hours if received via email or other electronic communications. If this information is provided across a weekend, we ensure contact is provided on the next business day.
- As we review aged debt and outstanding balances, or become aware via other means, we proactively contact customers on that same day with information about the payment support options available, and help find a targeted solution that will work best for them.

²⁹ IPART 2021, Hunter Water Operating Licence Review: Issues Paper, page 25

- When a customer breaks the terms of a payment plan, the information is automatically sent to the customer so they are aware that their plan has been impacted.

We seek clarity as to whether our current business rules and processes would satisfy the intent of IPART's proposed clause. Careful drafting is needed to ensure it is practical for Hunter Water, capable of independent audit, and enables appropriate sensitivity for communicating with customer's about their circumstance.

We support IPART and the Public Interest Advocacy Centre (PIAC) proposal to use the term "payment difficulties" rather than "financial hardship".

3.3.4. Implementing a family violence policy

We acknowledge IPART's statement that any improper handling of personal information can affect customers' safety. We support a new licence condition to provide further assurance around the security of customer details.

We have already undertaken work in this area. We have drafted, but not yet finalised or implemented, a Customer Family Violence Policy. Our specialised customer assistance team has completed domestic and family violence awareness training, building the necessary capabilities in this area. The right policy, procedures and training are essential to build tight controls that prevent unwilling or unknowing disclosure of information.

Hunter Water acknowledges that even with tight controls, an employee can make a mistake. We will ensure adequate resources and training for front-line employees. Further work is needed to estimate any requirements, and therefore costs, of updating our billing system to prevent unknowing or unwilling information disclosure about customers who are experiencing or vulnerable to family violence. The extent of costs will depend on the level of security and type of controls determined to be appropriate.

Customers identified (self-reported or otherwise) as vulnerable due to family violence are already provided access to our account assistance program and payment assistance scheme. They are also offered interest-free options and our specialist team's case management support. We also partner with local family and domestic violence resource centres where appropriate referrals are provided – with the customer's permission.

To support awareness of the policy, Hunter Water would work with family violence resource centres, provide information at targeted outreach events and on our website. We could also consider including information on customer bills.

3.3.5. Retaining internal complaints handling procedures

Complaints data provides valuable information that helps us improve service delivery and processes. When handled well, this information can improve customer experience, reputation and community trust. Having an effective complaint handling system helps demonstrate that we are accountable for service performance.

Hunter Water tries to make it easy for customers to raise a complaint, ensuring they can do so across multiple channels. This includes: over the phone at first point of contact, online complaint form on the website, via web chat services and social media, written forms via post, or face to face at our Customer Support Centre.

We have improved our responsiveness to customer complaints in a number of ways:

- targeted training for case handlers managing customer complaints
- better visibility and tracking of internal complaint and general enquiry information
- regular customer satisfaction and experience monitoring for complaints is in place to ensure the performance of the complaint management process is understood and managed
- greater focus on complaint-handling performance and development of internal KPIs
- established a cross divisional working group focused on finding the best customer outcome for aged and protracted cases
- undertaking root-cause analysis and using 'voice of customer' to understand complaint drivers, improve processes, and address customer pain points

We have refreshed our Complaint Handling Standard ensuring our strategies and initiatives are supported and implemented. It is consistent with the relevant regulatory requirements of the Australian/New Zealand Standard AS / NZS 10002 – 2014 *Guidelines for Complaint Management in Organisations*.

IPART Issues Paper acknowledges that complying with this Licence condition is an ongoing operational cost for Hunter Water.³⁰ While managing complaints does create administrative costs, we are committed to ensuring our customer's experience with us is positive. Having a strong complaint handling framework and processes helps us understand our customers' experience and how we can continue to meet expectations.

If the licence condition was removed, Hunter Water's expenditure and complaint performance would not change. Retaining the clause provides transparency and an external check that complaint handling processes are in place.

3.3.6. Participating in an external dispute resolution scheme

Hunter Water continues to work with the Energy and Water Ombudsman NSW (EWON) to ensure that customer complaints are responded to effectively and in a timely manner.

We agree with maintaining a licence condition requiring Hunter Water to participate in an external dispute resolution scheme. Dispute resolution is important to provide customers an independent avenue through which to escalate complaints when Hunter Water fails to meet customer expectations in providing services and/or handling a complaint.

Hunter Water questions whether the Licence should prescribe the specific dispute resolution body. There may be other providers of this service in the future who could provide the same or better service at the same or lower cost. We would welcome a clause that describes the responsibilities and intended outcomes of the resolution scheme, rather than mandating membership of a specific scheme.

3.3.7. Providing information to customers

We support IPART's preliminary view that Hunter Water should not be required to provide 'pamphlets' to all customers, allowing greater flexibility in the type of communication channels we use.

Digital improvements and transition towards newer communication channels such as apps, e-bills, and social media provide an opportunity to improve the way we interact with customers. That said, we still find that including pamphlets with bills remains an effective way to ensure we reach all customers. Printing and postage costs will fall as customers register for our new e-billing service.

IPART proposes 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 that are not the standard customer contract.

Hunter Water notes that the current licence already requires we provide similar information to customers via pamphlet inserts with bills, at least annually. We do promote this information via pamphlets, and also through other communication channels, ensuring customers are aware of their rights.

Hunter Water is of the view that IPART's proposed changes are minor, clarify expectations, and do not impose additional costs. We are of the view that we already broadly satisfy the proposed new requirements. We would review our existing communications to ensure they are fit-for-purpose if IPART recommends new licence requirements.

IPART's August 2021 *Discussion Paper: Encouraging innovation in the water sector* places an emphasis on developing and tracking service outcomes that are important to customers. We would also have to report our performance in meeting those outcomes, possibly annually or throughout the year. We will look for ways of combining these various pieces of customer information. As our digital channels expand, we will be able to ask customers, individually, how they would prefer to receive information.

³⁰ IPART 2021, Hunter Water Operating Licence Review: Issues Paper, page 27

3.4. Consulting with customers

The current Operating Licence requires Hunter Water to maintain and regularly consult with customers through a formal customer advisory group (clause 5.4), known as Hunter Water's Customer and Community Advisory Group (CCAG).

The current Licence then sets out details on the composition of the group and various procedural obligations relating to a customer advisory group charter. The Licence states that Hunter Water must:

- use best endeavours to include at least one customer representative from a list of nine different customer categories, and may include members representing business consumers, residential consumers and environmental groups
- maintain a charter that addresses, amongst other things:
 - the role of the group and information on how the group will operate
 - how members and the Chair are appointed, and terms of each appointment
 - procedures for communicating outcomes of the group's work to the public, and procedures for monitoring issues raised at meetings.

3.4.1. IPART review of how it regulates water utilities

IPART is currently reviewing how it regulates NSW water businesses. IPART has set out three focus areas for the review: lifting the performance of the sector, promoting a customer focus and encouraging innovation in the sector.

IPART's July 2021 Discussion Paper, *Promoting a customer focus*, examined the different customer engagement models in other jurisdictions, including:

1. The Victorian Essential Services Commission's PREMO model where water utilities are given the flexibility to design and carryout engagement activities in the way they think is best. The ESC awards a grade based on the quality of the engagement and the way it is reflected in pricing proposal.
2. The UK Ofwat model where utilities are required to establish a customer challenge group, but given flexibility on the form and membership of the group. The group provides a report to Ofwat when the utility submits its regulatory proposal, commenting on the quality of the engagement work and extent the engagement was reflected in the proposal.
3. Australian Energy Regulator (Ausnet) and South Australian ESCOSA (SA Water) have trialled a formal customer forum where the forum has the ability to negotiate expenditure levels, service levels and specific projects.

Model	Features	Examples
1. Operating licence stakeholder advisory group	Existing stakeholder group	Hunter Water's Customer and Community Advisory Group
2. Panel of customer engagement specialists	Market research and engagement professionals. Advise the utility on best-practice engagement techniques	
3. Utility customer advisory or deliberative group	Utility establishes an advisory group or customer deliberative forum; one-off regulatory proposal or ongoing	Most Australian electricity network businesses, UK water utilities
4. Jurisdictional challenge panel	Regulator establishes challenge group to provide advice on the quality of regulatory proposals from all regulated utilities	AER Consumer Challenge Panel, ESCOSA Consumer Experts Panel
5. Negotiated settlement group	Negotiates expenditure and service level outcomes, reports to regulator	Ausnet, Scottish Water, SA Water

Source: Hunter Water based on IPART, 2020, Promoting a customer focus, Discussion paper, Special Review, June, pages 7 to 12.

Hunter Water's response to IPART's Discussion Paper observed:

Hunter Water's CCAG works well as a stakeholder group in representing various perspectives on a wide range of issues. We make good use of the CCAG in testing views on overall strategy, major projects, and current and emerging issues. The CCAG does not currently include people with specialist customer engagement or market research skills or experience.

We have had difficulty finding and retaining people to represent certain customer categories. We have good meeting attendance from those representing local government, customers living near water catchments and seniors.

We undertook a strategic review of the CCAG in February 2018. This included a workshop to explore ways of ensuring the CCAG meetings and communications are relevant and useful for all members.

IPART's August 2021 Discussion Paper 3, *Encouraging innovation in the water sector*, sets out a major shift in IPART's regulatory framework. Of note, IPART has adopted parts of the Victorian ESC's PREMO model, including the focus on customer engagement.

IPART has outlined a '3Cs model': customer value, cost efficiency and credibility. IPART has established 11 principles to guide its assessment and grading of the utility's performance in each of these areas. There are five customer principles:

- Customer centricity: integrating customers' preferences into the planning and delivery of services, over the short term and long term.
- Customer engagement: engaging with customers on the right things, in the right way, to add value.
- Customer outcomes: pricing proposal should link customer preferences to proposed outcomes, service levels and projects.
- Community: meeting broader community and environmental objective, while ensuring services are cost reflective and affordable.
- Customer choice: providing opportunities to reflect customers' varied preferences for the tariffs and services they are willing to pay for.

Hunter Water's response to IPART's Discussion Paper 3, due 18 October 2021, will offer Hunter Water's support for the 3C model and the emphasis it places on the water utility making the deliberate effort to understand customer views and preferences and incorporate feedback and insights into business decision making.

3.4.2. Providing flexibility to allow and encourage multiple forums

Hunter Water's response to IPART's Discussion Paper 2 noted that the conventional approach amongst economic regulators is to make the regulated utilities fully responsible for designing and conducting genuine and useful customer engagement activities.

Our response detailed a framework that should guide and reward good customer engagement:

- recognising that water businesses are responsible for understanding their customers' needs and preferences, and the best way to engage with their customers
- establishing principles and guidance for sound and effective customer engagement rather than prescriptive requirements
- focusing on providing clear, symmetric and proportionate incentives for engagement rather than mandating requirements
- tying engagement to improving customer outcomes and satisfaction rather than requiring engagement for its own sake.

Hunter Water is committed to building a customer-centric business. As documented in our response to IPART's Discussion Paper 2, we incorporate customer preferences and insights into our strategic, planning and operational decisions. We will ask questions about service levels, projects and customer outcomes to inform our next regulatory proposal. We will use multiple engagement techniques and multiple communication channels to build our knowledge and understanding.

Hunter Water considers that the current Licence drafting prescribing the membership and charter of a customer advisory group is unnecessary and outdated. We note that IPART's 2018 review of Sydney Water's Operating Licence resulted in the removal of prescriptive clauses in that licence.

The *Hunter Water Act 1991* requires the Licence to include terms and conditions that oblige Hunter Water to maintain procedures under which Hunter Water is to consult with its customers at regular intervals in relation to water, wastewater and stormwater drainage services as well as water quality, service interruptions, price levels and any other matter set out in the Licence.

Unlike the *Sydney Water Act 1994*, the *Hunter Water Act 1992* does not require the establishment of a customer advisory group or council.

Hunter Water would prefer a minimalist licensing approach that provides flexibility for Hunter Water to use multiple forums and methods to consult with customers on the relevant matters in the Act, consistent with IPART's customer engagement principles.

Hunter Water would maintain the existing CCAG in the near term, even in the absence of a licence requirement.

We are currently preparing a broader customer engagement strategy, encompassing approaches and activities to better inform all business decisions. That strategy will set out preferred engagement methods, including how we will engage with customers, customer representatives and external stakeholders. We will look to establish a separate group to canvass the thoughts and concerns of non-residential customers. We may also establish a panel of engagement specialists and practitioners to provide expert advice on the best engagement methods for Hunter Water.

We agree with IPART's preliminary position to allow for other options for Hunter Water to effectively consult with a broad cross-section of customers about the systems and services it provides. We propose that the Licence could simply require Hunter Water to maintain at least one customer advisory group, without specifying membership or procedures.

We acknowledge that IPART's review of how it regulates water utilities is focused on designing checks and balances to ensure that water utilities like Hunter Water do customer engagement well. Central to the new framework, IPART will assess and rate Hunter Water's performance five customer principles. While Hunter Water is well down the path of customer centricity, the regulatory framework changes will incentivise Hunter Water to do more, and discipline the business if there are any shortcomings.

4. COMMITMENT TO QUALITY PROCESSES AND SYSTEMS

This section describes Hunter Water's views on the use of management systems to provide assurance and transparency that we are operating effectively. It also considers the use of memoranda of understanding as a basis for ensuring strong working relationships between Hunter Water and other organisations.

4.1. Organisational management systems

Hunter Water's Operating Licence relies in large part on organisational management systems as the means of achieving various outcomes for our customers and community. Over the past decade, the implementation of management systems has allowed IPART to recommend less prescriptive licence requirements while still ensuring delivery of specific outcomes.

ISO standards are internationally agreed by experts and aim to describe the 'best way of doing something'. Hunter Water believes in the efficacy of ISO standards and a management systems approach. We conform to, and are guided by, ISO standards beyond those required under our Operating Licence. For example, we maintain and implement an Information Security Management System and a Health and Safety Management System that are consistent with the applicable ISO standards. Management systems are now essential to meeting regulatory and business requirements.

Retaining management system requirements in our Operating Licence provides assurance and transparency that we are operating in a way that is formally recognised as best practice. This means achieving the right objectives, as efficiently as possible.

4.1.1. Retaining Asset Management System requirements

The services we provide are asset-intensive, and our asset management system (AMS) provides the framework to prudently manage asset lifecycles and achieve agreed outcomes. The asset management system brings a different way of thinking and transforms organisational alignment.

Hunter Water was the first Australian urban water authority to be certified to the ISO 55001:2014 (AS/NZS ISO 55001:2014) asset management standard.

Hunter Water agrees with IPART's description of the benefits of retaining the AMS in our licence, including monitoring asset performance and pre-emptively identifying issues that may pose a significant risk to asset integrity. We add that a key aim of asset management is 'maximising asset value', helping to ensure we deliver our services as efficiently as possible.

We support IPART removing the existing requirement to submit a Strategic Asset Management Plan if it does not provide assurance beyond the requirement to maintain and implement the AMS. We are happy to provide, on an as-needed basis, any information about our AMS that supports IPART's compliance monitoring role.

We note there is no current requirement to report details of any proposed changes to the AMS to IPART, only retrospective changes that we have made. We comment on the requirement to provide a significant changes report in section 7.2.1.

4.1.2. Retaining Environmental Management System requirements

Environmental protection is a fundamental priority for the management of all aspects of Hunter Water's operations. Our environmental management system (EMS) has been in place since 1995 and certified to the relevant ISO 14001 standard since 2014.

The EMS has many benefits:

- ensures all activities are integrated, co-ordinated, and reviewed
- provides a framework for developing, defining, implementing and reviewing environmental performance
- integrates ecological, economic and social objectives into the management of operations and resources

The EMS is the system we use to ensure compliance with environmental laws and regulations. Maintaining and implementing an EMS provides assurance to stakeholders that we are managing operations in accordance with industry best practice and therefore, complying with applicable laws and regulations, addressing risks, and protecting and improving the environment.

Hunter Water's EMS helps meet extensive environmental laws and regulatory requirements – both State and Commonwealth. These requirements go beyond those described by IPART, and include:

- Water Access Licences and water supply works approvals under *Water Management Act 2000* – Natural Resource Access Regulator
- Indigenous and Non-indigenous heritage approvals under *Heritage Act 1977* and *National Parks and Wildlife Act 1974* – Heritage NSW
- Compliance with biosecurity and biodiversity conservation under *Biosecurity Act 2015* and *Biodiversity Conservation Act 2016*
- General pollution and waste management – *Protection of the Environment Operations Act 1997* – NSW EPA
- *Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth)* – Australian Government - Department of Agriculture, Water and Environment
- *National Greenhouse and Energy Reporting Act 2007 (Commonwealth)* – Clean Energy Regulator

The objectives and activities within the EMS are broader than just ensuring environmental compliance. The EMS incorporates climate change mitigation and adaptation activities, integrated water cycle management, catchment improvement projects, and land rehabilitation.

Our Environmental Management Plan (EMP) is an important component of our EMS, detailing our program of actions and targets to manage risk and drive environmental improvements. Hunter Water's annual compliance and performance report demonstrates the breadth of objectives and activities undertaken as part of our EMP, and the associated benefits or outcomes achieved.³¹

Hunter Water considers that maintaining an EMS requirement in the Operating Licence is the most efficient way to minimise the risk of harm from Hunter Water's operations, for the benefit of all stakeholders. Our EMS is mature and well-embedded across the organisation, recognising there are always areas of improvement.

Hunter Water would retain the EMS, even if not required under the Licence.

³¹ Hunter Water, Compliance and Performance Report 2020-21, available here: <https://www.hunterwater.com.au/documents/assets/src/uploads/documents/Other-Reports/Regulatory-Reports/Compliance-and-Performance-Report-2020-21.pdf>

4.1.3. Retaining Quality Management System requirements

Hunter Water's Quality Management System (QMS) consists of systematic processes to manage core business functions. The QMS helps ensure we consistently meet product and service requirements, provide high levels of customer satisfaction, continually improve our processes, and meet regulatory requirements in an efficient manner. ISO 9001-certified QMS systems are in place in over one million businesses worldwide.

Our QMS achieved initial certification to ISO 9001 in August 2015.

IPART's Issues Paper lists relevant licence clauses relating to maintaining quality services: water quality performance standards, system performance standards, and existing customer service requirements in our Customer Contract.³²

Hunter Water points out that the QMS provides system elements that complement other management systems, other licence clauses, and other legislation and regulatory instruments. In addition, the QMS incorporates business elements outside the management systems:

- enterprise risk management and business resilience
- continuous improvement
- stakeholder engagement and relationships
- information management, document control, and security
- procurement
- training and development
- internal audit
- management review

Hunter Water considers that the QMS should be retained as a licence requirement. While implementation is not yet as embedded as our AMS or EMS, it has provided substantial benefit, with scope to do more.

A robust QMS provides a proven platform on which to maintain a mature integrated management system (IMS) that draws out the core processes, or key common elements of the other management systems. The IMS improves performance and system effectiveness, provides consistency, and ensures the efficiency of all management system activities.

Hunter Water would retain the QMS and IMS, even if not required under the Licence.

³² IPART 2021, Hunter Water Operating Licence Review: Issues Paper, page 33

4.1.4. Clarifying the different versions of ISO standards

In reference to our AMS, IPART explains they “*consider that AS ISO 55001:2014 remains an appropriate standard to require in the Licence*”.³³ We agree that ISO standards are the most appropriate standard to require, as opposed to a non-ISO alternative.

The Australian/New Zealand (AS/NZS) ISO standards for Asset Management System, Environmental Management System and Quality Management System contain exactly the same content as the international versions. Hunter Water’s management system certifications are currently to the international version of the ISO standards. We use certification against the international versions to demonstrate that our management systems are consistent with the AS/NZS ISO standards that are referred to in our Operating Licence.

Hunter Water notes that it may be administratively clearer for the Licence to require consistency with the international standards rather than refer to the AS/NZS versions. As the AS/NZS and international versions are the same, we do not view this as a critical issue.

³³ IPART 2021, Hunter Water Operating Licence Review: Issues Paper, page 32

4.2. Stakeholder cooperation

4.2.1. Retaining an MoU with NSW Health

Hunter Water acknowledges the critical role of NSW Health in protecting public health. The current MoU sets the basis for a strong working relationship between Hunter Water and NSW Health and we support retaining the MoU as a licence requirement.

We do not have any issue with IPART's proposal to remove any potentially duplicative reporting requirements. We welcome NSW Health's view on whether these reporting requirements are adequately covered in the Reporting Manual.

4.2.2. Retaining an MoU with Fire and Rescue NSW

Hunter Water's partnership with Fire and Rescue NSW (FRNSW) is important for protecting the community by enabling accurate and timely information exchange and supporting urban fire-fighting activities. Hunter is of the view that it has maintained a good working relationship with FRNSW, supported by information sharing and regular meetings. Maintaining the MoU as a licence requirement ensures the relationship remains an important priority.

Hunter Water is of the view there would be value in bringing NSW Rural Fire Service (RFS) to the table as part of the working group to share information and build common understanding. There is an opportunity for all parties to collaborate in identifying high bushfire risk areas, protecting Hunter Water assets in bushfire prone areas, and understanding water network capacity and system design.

5. ENGAGING WITH PRIVATE WATER UTILITIES

Hunter Water supplies drinking water and wastewater services to three *Water Industry Competition Act 2006* (WIC Act) licensees in the Lower Hunter: Altogether Cooranbong, Altogether Huntlee and Kooragang Water.

Hunter Water has not entered into a new supply agreement with any WIC Act licensee in the last five years.

5.1. Obligation to make services available to WIC licensees

Current clause 1.5.2

Subject to Hunter Water continuing to comply with any applicable law, Hunter water must provide the Services on request to any WIC licensee for ultimate end-use within the Area of Operations, where the WIC Act licensee is connected to, or where a connection is available in respect of that WIC Act Licenses to:

- a) in the case of supplying water, the Water Supply System, and*
- b) in the case of providing sewerage services and/or disposing of Wastewater, the Sewerage System.*

The *Hunter Water Act 1991* was drafted at a time when policy makers had not contemplated the entry of private water utilities in New South Wales. Up until the first agreement with a WIC Act licensee in 2016, Hunter Water had provided water and wastewater services to all new properties seeking a reticulated service in the Lower Hunter.

When considering Licence clauses relating to WIC Act licensees, IPART must be mindful of the legal status of the different relationships that exist between the entities. Hunter Water has a wholesale supplier/wholesale customer relationship when it enters into a utility services agreement with a specific WIC Act licensee. At other times, Hunter Water competes with WIC Act licensees and potential WIC Act licensees to provide water and wastewater services to the new developments. The Australian Government's *Competition and Consumer Act 2010* applies in these circumstances.

IPART recommended the inclusion of the current clause 1.5.2, the obligation to supply WIC licensees, as part of IPART's 2017 review of Hunter Water's Licence. Importantly, IPART recommended drafting amendments that extended the coverage of clause 1.5.3 to allow Hunter Water to impose any lawful conditions it see fits on the making of services available under clause 1.5.2, including financially viable supply. Similar clauses appear in Sydney Water's Operating Licence.

IPART's 2017 Final Report, *Prices for wholesale water and sewerage services, for Sydney Water and Hunter Water*, set out a framework and process for agreeing or determining wholesale prices between the public and private utilities. IPART's approach applies retail-minus pricing where the WIC licensee on-sells water and wastewater services. Hunter Water and WIC licensees can enter into unregulated agreements.

IPART's 2017 Final Report also provided for a fast track, four-month review and determination of any new wholesale supply agreement involving the on-selling of services. This would apply where the parties could not agree the commercial terms of a new wholesale supply agreement.

Hunter Water has negotiated several utility services agreements with WIC Act licensees. We meet regularly with our wholesale customers to discuss operational issues. We are not aware of any significant concerns or problems with these wholesale supplier/wholesale customer relationships.

Hunter Water does not oppose retaining the obligation to provide services to WIC licensees upon request, providing the licence retains the clause allowing Hunter Water to impose lawful conditions or exercise discretion in circumstances where it would not be lawful to provide the services (for example under s588FA of the Corporations Act 2001) (clause 1.5.3).

5.2. Negotiating in good faith

Sydney Water's current Operating Licence states that Sydney Water must negotiate the provision of services to WIC Act licensees and potential competitors in good faith (clause 8.1).

Sydney Water's Licence defines good faith to mean: acting honestly, including not providing false information; acting fairly and reasonably, having regard to the interests of the other party; and acting consistently with the objectives of the Licence, including not hindering competition.

Hunter Water questions the need to add the 'good faith' clause to the Operating Licence. We stand by the statement that we always negotiate honestly, fairly and consistently when agreeing the terms and conditions of a utility services agreement with WIC Act licensees. We are unaware of any evidence or claim to the contrary.

We note there is no equivalent obligation on WIC Act licensees to act in any particular way when negotiating agreements with public water utilities.

Hunter Water notes a practical concern with the way an auditor would check compliance with a good faith clause. Each of the terms listed under 'good faith' carry a somewhat subjective meaning. The auditors that IPART engages each year are appointed for their engineering and management systems skills. They typically would not have specialist knowledge or experience in how to assess compliance with this clause.

It is currently only lawful for Hunter Water to enter into contractual discussions and arrangements with any one WIC Act licensee in the capacity of wholesale retailer and wholesale customer. In order to comply with section 45 of the *Competition and Consumer Act 2010*, Hunter Water cannot enter in any negotiations or provide information to any one WIC Act Licensee when the WIC Act Licensee is requesting information or trying to effect a relationship or arrangement with Hunter Water which would preference them or create an opportunity for them in the market to the exclusion of other potential WIC Act Licensees.

Hunter Water proposes a modification to the proposed good faith provision to clarify the circumstances where the clause applies.

"A new Licence condition for Hunter Water to negotiate with WIC Act licensees in good faith in relation to any wholesale retailer/wholesale Customer arrangements where Hunter Water is to be the retailer and the WIC Act Licensee is to be the Customer."

5.3. Establishing a code of conduct

Current clause 5.8.1

Hunter Water must use reasonable endeavours to cooperate with any WIC Act Licensee that seeks to establish with Hunter Water a code of conduct required under a licence under the WIC Act

Current clause 5.8.2

Where the Minister administering the WIC Act has established a code of conduct under clause 25 of the WIC Regulation, Hunter Water will be taken to have satisfied its obligation under clause 5.8.1 by applying the water industry code of conduct established by the Minister to the relevant WIC Act Licensee.

Hunter Water does not oppose IPART retaining the intent of clauses 5.8.1 and 5.8.2 of the current Licence.

Hunter Water does have a concern with the current drafting. We consider that any Licence clause should make clear that the establishment of a code of conduct or equivalent would only apply where Hunter Water is entering into a wholesale retailer and wholesale customer arrangement, not at any other time.

The existing utility services agreements that we have with WIC Act licensees set out the roles and responsibilities of each party, akin to a code of conduct between the contract signatories.

We support the current drafting to "use reasonable endeavours to cooperate" recognising the negotiation process relies on the cooperation of the counterparty.

The NSW Government's Water Strategy, August 2021 (p.125) states that the Government is finalising reforms to the *WIC Act 2006* and *Water Industry Competition Regulation* "to support involvement of the private sector in the supply of water and wastewater services". The Strategy states the changes will remove barriers to entry, separate the licensing of operators and retailers, and strengthen customer protection and last resort arrangements.

Hunter Water understands that IPART is working with the NSW Department of Planning, Industry and Environment on designing the new *WIC Act and Regulation*. Any reference in Hunter Water's Operating Licence to the *WIC Regulation* and an industry code of conduct should be flexible enough to accommodate new legal drafting.

5.4. Publishing servicing information

IPART's Issues Paper invites feedback on the costs and benefits of requiring Hunter Water to publish servicing information. IPART references the current Sydney Water Licence and the requirement to publish servicing information for each water and wastewater system, including:

- 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.

IPART states that servicing information would have a short to medium term focus, covering at least 10 years.

5.4.1. Hunter Water's annual Growth Plan

Hunter Water has published an annual [Growth Plan](#) since 2018. The Plan provides information on projected growth across our area of operation and shows the location of future capital works.

More specifically, the Plan provides details of:

- Hunter Water's investment management process
- the location and capacity of each water zone, recycled water scheme, wastewater catchment and stormwater drainage catchment
- a description of major planned capital works projects – location and value
- detailed maps of the area of operation, covering
 - existing and new connections, next 5 years and 5-10 years, residential and employment lands
 - recent capital works at wastewater treatment works and water treatment plants
 - planned upgrades to treatment works and plants
 - recent upgrades to networks and pump stations
 - planned upgrades to networks and pump stations

5.4.2. Development servicing plans

The NSW Government has announced plans to reinstate water and wastewater developer charges for Hunter Water and Sydney Water. IPART reviewed the methodology for calculating developer charges in 2018, making a number of changes and updates to the earlier determination.

Hunter Water has commenced the work necessary to calculate developer charges for each development servicing plan (DSP). IPART's 2018 Determination of developer charges sets a list of requirements for Hunter Water to publish information for each DSP area:

- a statement specifying the system to which the DSP relates
- an accurate statement describing each DSP area: size, basis for boundaries and overlaps with other DSPs
- demographic information for each DSP: current residential population, project population over a 30 year period, projected annual equivalent tenements in the area over 30 years
- timing of proposed capital works
- details of the total capacity of each asset expressed in equivalent tenements
- average water usage figures.

IPART's 2018 Final Report noted that the accuracy of capital forecasts diminishes with longer forecast horizons and, in practice, utilities have used five to 10-year forecasts for capital expenditure where forecasts are reasonably robust. Further, IPART state that it is matter for the public water utilities to demonstrate that any forecasts of expenditure used to calculate developer charges are prudent and efficient.

5.4.3. Reporting on capacity constraints

Hunter Water is not opposed to publishing information on system constraints. This information may assist WIC Act licensees and potential competitors to identify areas where a private, on-site wastewater treatment and recycling facility offers the lowest cost servicing solution for a new development.

Hunter Water notes the re-instatement of developer charges should benefit WIC licensees and potential competitors. The requirement to pay a developer charge to the public water utility may make the service offer from a private water utility more attractive, particularly in those DSP areas with higher charges associated with higher future capital costs.

Hunter Water may satisfy IPART's proposed licence clause to make servicing information publicly available by exhibiting and publishing DSP information and publishing annual updates to Hunter Water's Growth Plan.

IPART's 2018 Determination of developer charges requires Hunter Water to review DSP information every five years. Hunter Water anticipates that the published DSP information will provide a rich source of information for developers and potential competitors.

There may be movements year-to-year in the location of capacity constraints and the costs of alleviating or deferring those constraints. Hunter Water could publish annual updates in the Growth Plan documenting material changes in wastewater catchment and water zone constraints, likely costs and timing. Each five-yearly update to the DSPs would provide comprehensive data on each of these factors.

Sydney Water's current Operating Licence includes a clause that allows Sydney Water to seek IPART's approval not to publish information on a water system or wastewater system where there are critical infrastructure concerns. Hunter Water asks for a similar clause to accompany any new clause obliging Hunter Water to provide servicing information.

Hunter Water understands that the NSW Government will consult on a package of infrastructure contribution changes in late 2021, including water and wastewater developer charges. Hunter Water would like to work with IPART over coming months on the exact timing of a requirement to publish servicing information, recognising the workload involved in calculating and exhibiting DSPs.

5.4.4. Reporting requirements for dealing with WIC Act licensees

IPART's preliminary position is that Hunter Water should report annually on various matters relating to WIC Act licensees, such as the number of new agreements and the time taken to respond to information requests.

IPART's 2018 review of Sydney Water's Licence resulted in new periodic reporting requirements in Sydney Water's reporting manual. These are the same as those proposed for the Hunter Water Licence.

Hunter Water does not oppose the addition of the proposed reporting requirements.

Hunter Water does highlight the legal tension with providing information to potential competitors. If we received a request for servicing information, in line with the servicing information outlined in section 5.4, we would make that information generally available on our website. The information should be available for all parties at the same time, not just an individual potential competitor.

6. ADMINISTRATION

This section sets out Hunter Water's views on administrative aspects of the Licence.

6.1. Licence structure

We support IPART's proposed changes to the licence structure that provide greater consistency with other public water utility operating licences.

6.2. Licence objectives

We support revision of the licence objectives to more closely reflect Hunter Water's principal objectives under the *Hunter Water Act 1991*. Consideration could also be given to reflecting the principal objectives of company state owned corporations, as set out in the *State Owned Corporations Act 1989*.

If IPART is minded to adopt its preliminary position on a modified objective then we request rewording to separate sub-clause (b) into (b) and (c) as follows:

- 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~~
- c) require Hunter Water to provide services in a way that does not prevent or hinder competition.

6.3. Pricing

We agree with IPART's preliminary position to retain the existing pricing condition. It is a practical way to meet *Hunter Water Act 1991* section 13(1)(c), which requires 'price levels' to be considered as part of the operating licence.

7. OTHER

IPART has invited feedback on any other issue or concern relating to Hunter Water's Operating Licence. In this section we make suggestions on audit frequency and improvements to the Reporting Manual.

7.1. Operating Licence audits and auditing frequency

IPART's Operating Licence audits are crucial to transparently assure stakeholders that Hunter Water has appropriate systems in place and is undertaking its activities in a compliant manner. IPART's audit process is mature, clear, and well embedded at Hunter Water. IPART compliance monitoring provides important assurance and also helps drive Hunter Water to continually improve.

IPART's approach to public water utility audits is risk-based, transparent and well-described in its Audit Guideline and Compliance and Enforcement Policy.^{34,35} We acknowledge the ongoing improvement IPART has driven in recent years to increase the value from audits and make the process more efficient – including proactively seeking Hunter Water and other stakeholder feedback about audit processes.

Hunter Water's participation in operational audits generally involves the following broad activities:

- Completing the detailed audit questionnaire
- Participating in on-site interviews
- Responding to follow-up information requests
- Reviewing and commenting on draft and revised draft audit reports
- Administration related to logistics, scheduling site visits and interviews, internal and external communications, and coordinating participants and responses.

The audits cover a wide variety of content and therefore requires many internal stakeholders to ensure we provide an informed contribution throughout the process. Much of the information we must provide is readily available as outputs of our management systems, however, often requests are bespoke or require presenting existing information differently.

We ask IPART and stakeholders to consider whether there be net benefits in less frequent auditing, for example shifting from annual audits to once every two years. Changes that could be help support less frequent audits include:

- implementing greater annual monitoring and reporting in years where a full audit is not scheduled
- greater IPART reliance on, and therefore transparency of and potential input into, Hunter Water's internal auditing and external management system auditing processes
- longer or more intensive audits at the reduced frequency
- requirements set relating to historic compliance track record.

We accept that less frequent audits would not occur in the near term, but welcome IPART and stakeholder views on the changes that could support a different audit cycle.

7.2. Reporting Manual requirements

In this section we comment on some other reporting requirements under the Operating Licence and Reporting Manual that we have not yet addressed in other sections of this submission.

³⁴ IPART 2019, Audit Guideline – Public Water Utilities, available here:

https://www.ipart.nsw.gov.au/sites/default/files/documents/audit-guideline-public-water-utilities-july-2019_0.pdf

³⁵ IPART 2017, Compliance and Enforcement Policy, available here:

https://www.ipart.nsw.gov.au/sites/default/files/documents/compliance-and-enforcement-policy-december-2017_0.pdf

7.2.1. Periodic reporting requirements

We provide our position on periodic reporting requirements in Table 7.1. Reporting Manual requirements are broadly fit-for-purpose but should be evaluated as part of the Operating Licence review.

Table 7.1 *Hunter Water's position on periodic reporting requirements*

Reporting requirement	Our position	Reason
Statement of compliance	✓	<p>Provides Hunter Water the opportunity and impetus to affirm Operating Licence compliance, and self-report any non-compliances.</p> <p>We consider this forms an important part of IPART's operational audit process and provides a net benefit to customers.</p>
Audit recommendations status update	✓	<p>Provides IPART visibility of Hunter Water's progress in addressing outstanding operational audit recommendations. This visibility enables potential intervention by IPART if Hunter Water's actions are either off-track or insufficient.</p> <p>We note the timing of this report, 31 March, is shortly after IPART publishes its Report to the Minister on Hunter Water's Operational Audit (typically also in March each year). Following this, Hunter Water receives a letter from the Minister instructing us to complete the audit recommendations.</p> <p>In practice, we must often start addressing the recommendations prior to IPART publishing their report, to allow sufficient time to complete the actions by the prescribed recommendation due date and to demonstrate progress in the 31 March status update. In past instances, Hunter Water has received an extension to this reporting deadline, which may indicate the timing should be reconsidered in the licence.</p>
Significant changes report	?	<p>This report is typically brief and does not impose a large burden on Hunter Water, however, it does require internal discussions, administration, and review to agree a position and prepare the report.</p> <p>We seek IPART's view on the extent to which they rely on this information to undertake their role. It may be the case that the benefits provided by this report do not outweigh the costs.</p>
Water conservation work program	✓	<p>Hunter Water's community and stakeholders are demonstrably interested in Hunter Water's water conservation activities as conservation is crucial in ensuring a resilient water future. Retaining this reporting requirement is beneficial, providing transparency and the ability for stakeholders to hold Hunter Water accountable for delivering water conservation activities.</p> <p>The existing requirements are prescriptive and could potentially be less specific, which may provide Hunter Water more flexibility about how to convey the most relevant information in a format that showcases performance and best meets stakeholder needs.</p>
Annual compliance and performance report	?	<p>In section 2.1.1, we explained our position on the annual water quality compliance and performance reporting requirements. Below we provide our position on other annual compliance and reporting requirements.</p>

Hunter Water is required to report annual compliance and performance on: water conservation, water quality, system performance standards, customer and stakeholder relations, and management systems (drinking water quality, recycled water quality, asset, quality and environmental).

We meet this requirement through our annual Compliance and Performance Report published September 1 each year.³⁶ This report is time-consuming, and therefore costly to prepare. It contains extensive qualitative content that must be drafted, refined, and reviewed. The timing of this report also coincides with other end-of-financial year reporting commitments.

The annual compliance and performance report underpins IPART's annual operational audits of Hunter Water. In our experience, IPART's independent auditors have generally not relied on much of the information provided. It's unclear to us the extent to which IPART uses the information to fulfil their role

We welcome the view of customers, consumers, stakeholder organisations, IPART and IPART's auditors about the extent to which they rely on, and therefore benefit from, the information published in this report. Due to the prescriptiveness of the content requirements spelled out in the Reporting Manual, it is difficult to transform the report into a modern format that is more accessible and easier to read for stakeholders.

7.2.2. Notification of proposed significant change in drinking and recycled water quality management systems

We recognise the importance of keeping NSW Health and IPART sufficiently informed about our water quality management systems so that they can effectively undertake their roles. We interact regularly with NSW Health about water quality, including formal quarterly liaison meetings, ensuring they are well-engaged in development of, and proposed changes to, our systems. We will seek clearer guidance from IPART about how and when they would like to be informed about proposed significant changes to ensure we are meeting their needs.

³⁶ For example: Hunter Water Corporation, Compliance and Performance Report 2020-21, available here: <https://www.hunterwater.com.au/documents/assets/src/uploads/documents/Other-Reports/Regulatory-Reports/Compliance-and-Performance-Report-2020-21.pdf>

APPENDIX 1 RESPONSES TO IPART QUESTIONS

Drinking water and recycled water quality standards



IPART sought comments:

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?



Safe drinking water is Hunter Water's highest priority and is essential for the health and wellbeing of our community and the future prosperity of the region. Our view is that retaining a requirement in the Operating Licence for a DWQMS ensures an ongoing focus on drinking water quality that is consistent with the level of priority we place on water quality outcomes.

We consider recycled water use an important part of providing a resilient water system. We agree with IPART that retaining an Operating Licence requirement to maintain and implement a Recycled Water Quality Management System is an efficient way to ensure health and environmental outcomes consistent with the Australian Guidelines for Water Recycling.

We support clarifying that Hunter Water must comply with NSW Health's written requirements, however, provision should be made in the licence that we comply with "reasonable" requirements.



IPART sought comments:

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?

We are not aware of an alternative standard that is of equivalent standing or applicability that could help Hunter Water provide the required outcomes more cost-effectively.



Fluoridation code



IPART sought comments:

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*?



We do not support IPART's proposal to add a new separate licence requirement to comply with the Fluoridation Code. If IPART seeks to audit fluoridation performance, this should be done as part of auditing our DWQMS and the existing requirement to fully implement the system and carry out activities to the satisfaction of NSW Health. We consider this the appropriate mechanism for monitoring and evaluating all water quality analyte performance, including fluoride.

System performance standards for service interruptions



IPART sought comments:

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?



Over the last 18 months we have engaged with over 2,000 people and around 70 businesses over two phases of customer engagement to obtain a contemporary understanding of customer, consumer and community views on service levels.

In phase one, we sought feedback on:

- Service level attributes that Hunter Water's customers consider important, resulting in a prioritised list of 30 attributes.
- Any perceived gaps between the relative importance and current level of satisfaction in relation to service level outcomes and attributes.

We have distilled the priority attributes into candidates for operating licence system performance standards using the criteria described in section 2.2.1. Through this process we confirmed that it is appropriate to retain the existing system performance standard categories - water continuity, water pressure and uncontrolled dry weather wastewater overflows.

We propose retaining four of the five standards. We recommend retiring the water continuity standard relating to multiple short unplanned drinking water supply interruptions. In the absence of a licence performance standard, we would achieve the same outcomes by basing our decisions on the cost of repair compared with the cost of replacement.

Whilst optimization is conceptually sound, we are cautious that many assumptions and modelling simplifications may result in spuriously accurate thresholds that do not reflect real world conditions yet expose us to potentially-severe enforcement actions. Some examples include:

- The extent to which external factors outside our control, including weather, impact performance
- Discontinuities in the factors that we can influence, such as the changes in labour levels or crews that may only be achievable in integers
- Asymmetry customer willingness to pay and willingness to accept values around the status quo
- Dynamic changes in customer preferences and available technologies that change the cost-benefit analysis intra-period

The risk of unintended consequences due to interactions between regulatory requirements (e.g. tension between a water interruptions standard and efficient leakage management).



IPART sought comments:

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?



As we learnt in our 2020 customer engagement, there are other aspects of our services that are highly valued by customers. Licensing is a rigid construct, which may not be the best way to hold us to account for delivering service outcomes that customers' value. Hunter Water prefers performance standards for a small sub-set of customer outcomes related to interruptions to the provision of our water services and wastewater services to be set in our operating licence as minimum standards. We agree with IPART's proposal in Discussion Paper 3 of its review of how it regulates water businesses that all other service levels and customer outcomes, are best addressed through pricing processes.

Water conservation and planning



IPART sought comments:

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?

We support retaining the Licence requirement to maintain an MOU, specifying that the MoU must cover:

- arrangements for the development of the next iteration of the Lower Hunter Water Security Plan, including reference to any DPIE policy or guidance on integrated water cycle management
- arrangements for annual reporting against new MERI requirements
- data sharing arrangements between the agencies
- defining a system yield methodology



IPART sought comments:

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?



We support a requirement to maintain a water conservation work program, recognising we are liaising with DPIE on a Water Efficiency Plan that may serve a similar purpose.

We support a requirement to assess water efficiency programs and measures against an economic method, recognising that there will always be a baseline level of expenditure on core activities, including internal resourcing, water efficiency awareness and education, planning, piloting and research work.

Hunter Water does not support publishing the economic 'level' of water conservation. We support the use of an assessment method to measure and describe the benefits and costs of water efficiency programs. We believe that reporting a specific level may be misleading or unhelpful, particularly during drought periods.

We support a requirement to periodically review the assessment, and support the requirement to allow the Minister to require a review and approve a revised methodology.



IPART sought comments:

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?



Hunter Water largely supports the Licence requirements outlined in response to question 7. The Draft Lower Hunter Water Security Plan includes a strong on water conservation work. We note that DPIE is developing a state-wide Water Efficiency Framework. IPART's proposed shadow price of leakage mechanism would provide a discipline on the delivery of proposed leakage expenditure and an incentive to do more in certain circumstances.

Billing



IPART sought comments:

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



We acknowledge the upward trend in billing complaints per 1,000 properties over the period 2016 to 2018. In 2020-21 billing complaints fell significantly and are now close to the median of other major urban utilities. This result has been achieved through changes to our systems and operational practices. Our new meter reading software and new billing system both enable better validation of information. We have several initiatives planned that should enable us to keep improving our performance in 2021-22. We consider that adding new licence requirements relating to billing will not materially drive complaints lower.

Customer contract



IPART sought comments:

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?



IPART's preliminary position is to remove the existing licence requirement to as it does not require advance notice. We support removal of requirement and the resulting simplification of the licence.



IPART sought comments:

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)?



We would like to better align the rebates for service level deficiencies with customer views and preferences. Our proposals see rebates for events that cause inconvenience to customers set at a level proportionate with the extent of inconvenience.

We consider that consumers (tenants) are already adequately covered by the provisions of the Customer Contract that are of most direct impact to them: rebates, redress, damage and complaint handling.

We are interested in stakeholder views on our proposed changes to the Customer Contract.

Protecting customer rights



IPART sought comments:

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?



We support retaining this condition as a customer protection measure.

We agree with IPART that account assistance programs are crucial for protecting vulnerable customers experiencing financial difficulties. We do not oppose the inclusion of a Licence requirement obliging us to provide these services but note that we would continue to provide them in the absence of licence requirement as it is the right thing to do for our community.

We acknowledge that any improper handling of personal information can affect customers' safety and support a requirement to implement a family violence policy. We have already taken steps in this direction.

Having an effective complaint handling system helps demonstrate that we are accountable for service performance. We do not oppose the inclusion of a licence requirement but note that we would continue to provide this service, maintain our expenditure and improve our complaints performance in the absence of a mandate.

We agree with maintaining a licence condition requiring Hunter Water to participate in an external dispute resolution scheme so that customer have an independent avenue through which to escalate complaints. We would welcome a clause that describes the responsibilities and intended outcomes of the resolution scheme, rather than mandating membership of a specific scheme.

We welcome IPART's preliminary view that the licence should not specify provision of 'pamphlets' to all customers as the means to communicate customer rights' protection policies. This will allow greater flexibility in the type of communication channels we use, particularly digital.



IPART sought comments:

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



We have not identified any material deficiencies but are interested in stakeholders on this matter.

Consulting customers



IPART sought comments:

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?



We consider that the current Licence drafting prescribing the membership and charter of a customer advisory group is unnecessary and outdated. We acknowledge that *Hunter Water Act 1991* requires the Licence to include terms and conditions that require Hunter Water to consult with customers. Unlike the *Sydney Water Act 1994*, there is no requirement in our Act for a customer advisory group or council.

We would therefore prefer a minimalist approach that provides flexibility to use multiple techniques and multiple methods to consult with customers on the matters listed in the *Hunter Water Act 1991*.

Importantly, we acknowledge that IPART's review of how it regulates water utilities is focused on designing checks and balances to ensure that water utilities like Hunter Water do customer engagement well.

Organisational management systems



IPART sought comments:

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?



We support IPART's position to retain licence conditions requiring an AMS.

We welcome IPART removing the existing requirement to submit a Strategic Asset Management Plan if it does not provide assurances beyond the requirement to maintain and implement the AMS.



IPART sought comments:

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?



Maintaining and implementing an EMS provides assurance to stakeholders that we are managing operations in accordance with best practice and therefore, complying with applicable laws and regulations, addressing risks, and protecting and improving the environment.

We believe maintaining EMS requirements in our Operating Licence is in our stakeholders best interests as it is the most efficient way to minimise the risk of harm from Hunter Water's operations.

Stakeholder cooperation



IPART sought comments:

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?



We consider requiring an MoU with NSW Health is an appropriate, and efficient, licence requirement.



IPART sought comments:

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*?



We support any moves to remove duplication, and welcome NSW Health's view on this matter.



IPART sought comments:

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?



We support retention of the MoU with DPIE.



IPART sought comments:

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?



Hunter Water and FRNSW have maintained good working relationships over the current licence term through sharing information and regular meetings. We agree that maintaining the MoU as a licence requirement ensures the relationship remains an important priority.



IPART sought comments:

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.



We do not oppose retaining the obligation to provide services to WIC licensees upon request (clause 1.5.2), provided the licence retains the clause allowing Hunter Water to impose lawful conditions (clause 1.5.3). Hunter Water has not entered into a new supply agreement with any WIC licensee in recent years.

We question the need to add a 'good faith' clause to the Licence as it is one-sided, with no equivalent obligation on WIC utilities, we always negotiate honestly, fairly and consistently when agreeing the terms and conditions of a utility services agreement and there are practical auditability concerns associated with redefining established legal terminology, as detailed in section 5.2.

We do not oppose retaining the condition to cooperate with WIC Act licensees seeking to establish a code of conduct. We note that it is a two-sided, with an equivalent obligation in WIC Licences. We support the current drafting to "*use reasonable endeavours to cooperate*" recognising the negotiation process relies on the cooperation of the counterparty.

We are not opposed to publishing information on system constraints. We note that Hunter Water considers that it can satisfy IPART's proposed licence clause to make servicing information publicly available by exhibiting and publishing development servicing plan information, as will be required with the re-instatement of developer charges, and publishing annual updates to Hunter Water's Growth Plan.

We do not oppose the addition of these reporting requirements.

Licence administration



IPART sought comments:

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?



We support the proposed changes to the licence structure.

We support revision of the licence objectives to more closely reflect Hunter Water's principal objectives under the *Hunter Water Act 1991*. Consideration could also be given to reflecting the principal objectives of company state owned corporations, as set out in the *State Owned Corporations Act 1989*. If IPART is minded to adopt its preliminary position on a modified objective then we request rewording of sub-clause (b). The objective relating to competition warrants its own sub-clause.

We agree with IPART's preliminary position to retain the existing pricing condition. It is a practical way to meet *Hunter Water Act 1991* section 13(1)(c), which requires 'price levels' to be considered as part of the operating licence.

Other



IPART sought comments:

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



We ask IPART and stakeholders to consider the benefits of less frequent auditing, and suggest a number of procedural changes that may support such an approach.

We welcome the view of customers, consumers, stakeholder organisations, IPART and IPART's auditors about the extent to which they rely on, and therefore benefit from, the information published in our annual Compliance and Performance Report, which is a requirement in the Reporting Manual.

APPENDIX 2 PROPOSED CUSTOMER CONTRACT

An updated Customer Contract is provided on the next page. Proposed changes to our current Customer Contract, both additions and deletions are noted as tracked changes.

A summary table of our proposed amendments and associated rationale is provided in Appendix 3.

PROPOSED CUSTOMER CONTRACT

2022-2027

HUNTER WATER



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FOREWORD

Hunter Water is the principal provider of water, and wastewater services to over half a million people in the Lower Hunter region. In addition, some recycled water services, stormwater services, trade waste services and unfiltered water services are also provided.

For Hunter Water, customers are at the heart of what we do and providing excellent service is an important part of our commitment to providing safe, reliable and efficient water and wastewater services to our community.

This **Customer Contract** gives you information about your rights and obligations as a user of Hunter Water's **services** (except **unfiltered water**) and sets out the minimum standards of service that you can expect from us. It also outlines Hunter Water's rights and obligations to help us meet our key objectives.

For more information about Hunter Water and the **services** we provide visit our website at hunterwater.com.au.

1 INTRODUCTION

1.1 Words used in this Customer Contract

Words in bold in this **Customer Contract** have a special meaning. The meanings are set out in the definitions in clause 16.

1.2 Understanding the Customer Contract

There are a number of provisions in clause 16. of this **Customer Contract** that may assist you in interpreting the **Customer Contract**.

Nothing in this Customer Contract is intended to remove or limit any statutory rights you may have under Law that cannot be excluded, including the consumer guarantees regime under the **Australian Consumer Law**.

2 WHAT IS A CUSTOMER CONTRACT AND WHO IS COVERED BY IT?

2.1 What is this contract?

2.1.1 This Customer Contract **is between us, Hunter Water, and you, the customer. You do not need to sign this Customer Contract for it to be valid, legally binding, and enforceable.**

2.1.2 It is a requirement of the Act that we have this Customer Contract with you. It provides the terms under which we provide, where available, the services to you, and it also sets out each others' rights and obligations including your rights in any dispute with us.

2.1.3 A summary of this Customer Contract is available on our website or by contacting us via the General Enquiry Process.

2.2 Who is covered by this contract?

2.2.1 You are a customer and you are covered by the relevant clauses of this **Customer Contract** if you own property that is:

- within our **area of operations** that has an **authorised connection** to our **infrastructure**; or
- within a **declared stormwater drainage area**.

2.2.2 If you have a contract for **water services, wastewater services** and/or **recycled water services** from a licensee under the **WIC Act**, this **Customer Contract** only applies to you for the **services** you receive directly from us.

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Deleted: trade waste services, unfiltered water and

Deleted: purpose of

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<#>A reference to any of our *Policies* or *Standards* means the policies and standards as published on our website at any one time and any amendment or replacement applying to the same or similar subject matter.¶

Deleted: <#>General Enquiries¶

<#>For all general enquiries, please contact us using any of the following methods: online enquiry form; email; post; telephone; in person, using the contact details notified by us from time to time on our website: www.hunterwater.com.au. ¶

<#>[Note: As at 1 July 2017, you can contact Hunter Water using the following methods:¶

<#>Website: www.hunterwater.com.au¶

<#>Online enquiry form¶

Moved down [2]: <#>Email:

. enquiries@hunterwater.com.au¶

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Moved down [3]: <#>PO Box 5171 HRMC 2310¶

<#>Telephone: . 1300 657 657¶

Deleted: <#>In person Head Office¶
<#>36 Honeysuckle Drive, Newcastle West (8:30am-5:00pm)¶

<#>Lake Macquarie¶

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2.3 Other agreements with us

2.3.1 We may enter a **separate agreement** with you for the provision of different levels of service (for example, a **non-standard connection**, a **trade waste connection**, **recycled water connection**, or services to **WIC Act** licensees).

Deleted: water connection, a non-standard sewerage

2.3.2 The terms of the **separate agreement** will take precedence over the terms of this **Customer Contract**, to the extent of any inconsistency between them.

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2.3.3 Before entering a **separate agreement** with you, we will provide you with an estimate of the costs to supply you with the service requested and advise you **of any difference** from the standards **of service** set out in this **Customer Contract**.

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2.4 When does this Customer Contract commence?

2.4.1 This **Customer Contract** comes into effect on 1 July 2022 and will apply to you:

• from that date if you are **already** a **customer**, or,

Deleted: <#>If you have a **separate agreement** with us, or a contract for **water services** or sewerage services with us on specific terms and conditions, this **Customer Contract** does not apply to you, to the extent that other contract applies.¶

• from the date **that** you become a **customer**.

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Deleted: if you are not a **customer** on or

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2.4.2 On its commencement this **Customer Contract** replaces any previous customer contract between you and us. If you have a **separate agreement** with us, that **separate agreement** will continue. Any rights and liabilities that have accrued under any previous customer contract with us are not affected by the commencement of this **Customer Contract**.

2.5 When does this Customer Contract end?

2.5.1 This **Customer Contract**, or relevant clauses of this **Customer Contract**, will **end** if you cease to be **covered by this Customer Contract**. The **ending** of this **Customer Contract** does not affect any rights or obligations of **either** you or us that **have accrued** prior to **that point in time**.

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Deleted: a **customer**.

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Deleted: accrue

Deleted: termination

Deleted: terminates

2.5.2 If this **Customer Contract**, or part of the **Customer Contract**, **ends** because you have requested that some or all of the **services** that we provide to your **property** be transferred to a licensee under the **WIC Act**, we will comply with the *Transfer Code of Conduct* established under that Act to effect the transfer.

2.6 Variation of this Customer Contract

2.6.1 We may vary this **Customer Contract** in accordance with the **Act**.

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2.6.2 If the **Customer Contract** is varied, a notice **explaining the** variation:

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Deleted: to this **Customer Contract** (other than for variations of **charges**)

• will be published in a daily newspaper circulating in the **area of operations**, **made available** on our website and through the **General Enquiry Process** at least six months before the variation becomes effective, or for a shorter period of notice as approved by the **Minister**;

• **will be given** to each **customer** with their next **bill**, although failure to do so will not invalidate the variation.

Deleted: a copy of the notice

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Deleted: account

Deleted: requirement to give notice of variations to the terms of the **Customer Contract**

2.6.3 This **clause** does not apply to variations **of charges** made in accordance with a determination by **IPART**. **They are explained in clause 5**.

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3 WHAT SERVICES DO WE PROVIDE?

3.1 Water Supply Services

3.1.1 Supply of drinking water

If your **property** has an **authorised standard connection** to our **water infrastructure**, we will supply you with **drinking water** to meet your reasonable needs except:

- in the case of **unplanned interruptions** or **planned interruptions** under clauses **4.1** or **4.2**;
- in the case of **water restrictions** under clause **3.1.7**
- where we are entitled to **restrict** or **discontinue** supply under clause **7**, or
- in the case of events beyond our reasonable control in accordance with clause **4.5**.

3.1.2 Supply of recycled water

To receive **recycled water** from us, your **property** must be within our **recycled water area** or you must enter into a **separate agreement** with us.

If we supply you with **recycled water**, we will give you information on the standard requirements for its safe use. We are not responsible for your use of **recycled water** contrary to the information we provide.

3.1.3 Drinking water quality

The **drinking water** we supply **you will** comply with the health related guidelines provided in the **Australian Drinking Water Guidelines** **except to the extent** specified in writing by **NSW Health**.

3.1.4 Recycled water quality

The recycled water we supply you will comply with the **Australian Guidelines for Water Recycling** **except to the extent** specified in writing by **NSW Health**.

3.1.5 Health or special needs

If you require a continuous **drinking water service** to operate a life support machine or for other special health needs you must notify us. We will include you on our list of **critical customers** and will use our reasonable endeavours to provide a continuous **drinking water service** to meet your reasonable health needs. However, disruptions to your **drinking water service** are not always preventable, so you should make alternative arrangements **to ensure a continuous drinking water service** to operate a life support machine or for other special health needs. **If this scenario applies to you**, you may also be eligible for a free water allowance.

Critical customers will receive notification of any **planned interruption** to the **drinking water service**. We will **also alert** our **critical customers**, **whenever possible**, **that supply has been interrupted due to an emergency**. **It is not always possible to advise you of unplanned interruptions so it is important you have other contingencies in place should you experience disruption to your water supply**.

3.1.6 Drinking water pressure

We will use our reasonable endeavours to ensure that the **drinking water service** we provide for **authorised standard connections** is at a minimum of 20 metres head of pressure at the connection point. **This pressure is recognised as suitable for residential and non-residential customers**.

3.1.7 Water restrictions

The **Hunter Water Regulation** allows **our Minister**, **for the purpose of maintaining water supply in times** of drought, **accident**, or other **public interest reason**, to place **water restrictions** on the **drinking water service**. **(for the avoidance of doubt this does not include the recycled water service)**.

Notice of the **water restrictions** will be published **on** the New South Wales **Legislation website**, in newspapers circulating in the **area of operations** affected by the **water restrictions** and on our website. **You must comply with the conditions of the water restrictions on and from the date specified in the notice**.

The water restrictions may provide for:

- restrictions on the use of **drinking water** including the purpose for which **drinking water** may be used.

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Deleted: <#>If your **property** has an **authorised standard connection** to our **water infrastructure** we will provide a **drinking water service** to meet your reasonable needs, unless prevented by events referred to in clause 8. ¶
<#>If you require a continuous supply of **drinking water** you should make alternative arrangements in the event of an interruption to the **drinking water service**. Any such arrangements would be at your cost.¶

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If you require a

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The **water restrictions** may regulate or restrict:¶
the purposes for which **drinking water** may be used;¶
the times when **drinking water** may be used;¶
the quantities of **drinking water** that may be used;
and/or¶
the means or methods of the use of **drinking water**.¶
The **water restrictions** will override any inconsistent provisions in this **Customer Contract**.¶

• a variation of charges consistent with the **Act** and **Operating Licence**, and

• other conditions that we consider appropriate, including the period or likely period of restrictions or limitations on the supply and usage of **drinking water**.

The **water restrictions** will override any inconsistent provisions in this **Customer Contract**.

If you do not comply with the **water restrictions**:

• you may be issued a **penalty notice** and/or

• we may **restrict** or **disconnect** the **water service** to your **property**.

3.2 **Wastewater services**

3.2.1 Supply of **wastewater services**

If your **property** has an **authorised standard connection** to our **wastewater infrastructure**, we will provide you with **wastewater services** to meet your reasonable needs for the discharge of domestic **wastewater** except:

• where we are entitled to **restrict** or **disconnect** supply under clause 7

• in the case of **unplanned interruptions** or **planned interruptions** under clauses 4.1 and 4.2, or

• in the case of **events beyond our reasonable control**, in accordance with clause 4.5.

3.2.2 **Wastewater overflow**

We will use our reasonable endeavours to minimise the incidence of **wastewater overflows** on your **property** due to a failure of our **wastewater infrastructure**.

If there is a **wastewater overflow** on your **property** due to the failure of our **wastewater infrastructure**, we will **also** use our reasonable endeavours to:

• minimise inconvenience and damage to you by containing the overflow as soon as possible,

• clean up the affected area as quickly as possible at our cost and in a manner that minimises the risk to human health, and

• notify you of any forms of redress available.

3.2.3 **Wastewater mining**

You may extract **wastewater** from our **wastewater infrastructure** only if you have obtained our prior written consent and entered into a **separate agreement** with us. You may also require **approval** from other **Authorities**. You should contact us via the **General Enquiry Process** for further information.

3.2.4 **Prohibited substances**

You must not discharge into our **wastewater infrastructure** any substance classified **as a prohibited substance** in our **Trade Wastewater Standard**.

3.2.5 **Trade waste**

You may discharge **trade waste** into our **wastewater infrastructure** only if you **have obtained** our written **permission** and, if required, **entered** into a **separate agreement** with us **for this activity**.

We will not provide our consent if by accepting the **trade waste**, we are in breach or potentially in breach, of any **Laws**, including the **Act**, our **Operating Licence**, or our **Environment Protection Licences**.

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WHAT RECYCLED WATER SERVICES DO WE PROVIDE?¶

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Deleted: a **recycled water service** unless prevented by events referred to in clause 8.

Deleted: If your **property** is not in a **recycled water area**,

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Deleted: separate agreement with us.

Deleted: <#>We will use our reasonable endeavours to ensure the **recycled water** we supply complies with the **Australian Guidelines for Water Recycling** unless otherwise specified in writing by **NSW Health**.¶
<#>If you are supplied with **recycled water**, we will give you information on the standard requirements for its safe use at the time we commence supply to you. We are not responsible for your use of **recycled water** contrary to the information we provide. ¶

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We reserve the right to refuse to accept trade waste into our wastewater infrastructure if we determine that it poses a risk to our operations, the health and safety of our people or our ability to service or meet the expectations of our broader customer base.

3.3 Stormwater services

3.3.1 Supply of stormwater services

Hunter Water's **stormwater infrastructure** is located in **declared stormwater drainage areas** and consists **predominantly** of major open channels and **large** pipe systems **that collect the discharge from** street drainage systems **managed by local councils. While** your **domestic stormwater** is **generally** not directly connected to Hunter Water's **stormwater infrastructure, IPART has set down charges applicable to properties located in declared stormwater drainage areas.**

You may contact us using the **General Enquiry Process** to determine if your **property** is within a **declared stormwater drainage area.**

3.3.2 Stormwater harvesting

You may extract **stormwater** from our **stormwater infrastructure** only if you have obtained our prior written consent and entered into a **separate agreement** with us. You may also require **approval** from other **Authorities**. You should contact us via the **General Enquiry Process** for further information.

4 FACTORS AFFECTING SERVICE

Hunter Water's obligations to you under **clause 3** (except **sub clause 3.1.5**) is suspended for the duration of any of the following events, **to the extent those events relate to the relevant obligation.**

4.1 Unplanned interruptions

- 4.1.1 If there is an **unplanned interruption** to your **services**, we will use our reasonable endeavours to minimise the inconvenience to you by restoring the **services** as quickly as possible.
- 4.1.2 Access to emergency supplies of **drinking water** and/or toilet facilities may be provided where reasonably practicable and necessary having regard to the particular circumstances, unless your **separate agreement** provides otherwise.
- 4.1.3 Our website will provide information in relation to the **unplanned interruption** (including details of any emergency assistance) as well as estimated times for restoration of the **services**.

4.2 Planned interruptions

- 4.2.1 We may need to arrange **planned interruptions** to your **services** to allow for modification (for example, a new customer connection) or planned **maintenance** of our **infrastructure**.
- 4.2.2 Our website will provide information in relation to the **planned interruption** as well as estimated times for restoration of the **services**.
- 4.2.3 We will notify you in writing of the expected time and duration of any **planned interruption**. We will provide you with two days' notice if you are a **residential customer** and seven days' notice if you are a **non-residential customer** (or such other times as agreed with you) of a **planned interruption**.
- 4.2.4 We will use our reasonable endeavours to reinstate your **services** within five hours in one continuous period.

4.3 Major operational incident

- 4.3.1 We may need to shut down part of our **infrastructure** if a **major operational incident** occurs. We may interrupt the **services**, or arrange for the Minister to place **water restrictions** on the use of the **drinking water services**, until such time as the **major operational incident** is over.

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If your **property** is within a

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4.3.2 Where practicable, notice of the **major operational incident** [and the anticipated time of outage](#) will be published on our website.

4.4 Restriction or disconnection

4.4.1 We may **restrict** or **disconnect** your **services** for any of the reasons set out in clause [7](#).

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4.5 Force majeure

4.5.1 Our ability to provide **services** to you may be affected by events beyond our reasonable control, such as:

- severe weather or conditions resulting from severe weather (or like event as classified by the Bureau of Meteorology);

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- [government regulation or control;](#)

- [pandemics, epidemics, local disease outbreaks, public health emergencies, quarantines; or](#)

- a physical natural disaster including fire, flood, lightning or earthquake.

5 WHAT YOU PAY

5.1 How prices are set

5.1.1 We will set and vary **charges** from time to time as allowed by the **Act**, our **Operating Licence** and the maximum prices and methodologies determined by **IPART**.

5.1.2 When the date for commencement of a variation occurs part way through your **billing cycle** we will apply the variation of **charges** on a daily 'pro-rata' basis.

5.2 Publication of Charges

5.2.1 Information on our charging policies, current **charges** and concessions is available on our website or by contacting us via the **General Enquiry Process**. It can be provided to you on request free of charge and, if necessary, in languages other than English.

5.2.2 We will publish any variations to our **charges** and provide details with your next bill. The variation will commence on:

- the first day of the next **billing cycle**;
- a date we nominate after we have published the change; or
- as determined by **IPART**.

5.3 Responsibility to pay the [bill](#)

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5.3.1 You are responsible for payment of the **charges** included on the bill and must pay us the amount of your bill by the date specified in accordance with our *Billing Policy*, unless you have made other **payment arrangements** with us under the *Debt Recovery and Hardship Policy*.

5.4 Concessions

5.4.1 If you hold one of the recognised pensioner concession cards you may be eligible for a government funded pension concession.

5.4.2 You must apply to us for the concession. [Information about your eligibility for a concession, is available on our website](#)

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5.4.3 If we determine you are eligible for a concession, we will ensure that it is applied to the full **billing cycle** in which it was requested. You must advise us using the methods available under the **General Enquiry Process** if your eligibility for a recognised concession card changes.

5.4.4 By applying for a concession, you authorise us to make enquiries with relevant **Authorities** to confirm your eligibility.

[Note: See clause [15.3](#) for an outline of the information we may provide to relevant Authorities for the purpose of confirming your eligibility for a concession.]

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5.5 Your bill

5.5.1 When will your bill be sent?

- We will issue a bill to **residential customers** every four months. If we intend to change the billing frequency, we will give you at least four months' notice.
- **Non-residential customers** may be sent an account on a monthly basis.
- We **will** provide you with copies of your bills for the previous 12 months at any time on request, free of charge.

5.5.2 What information is on your bill?

We will ensure that your bill contains details of:

- the dates to which the **charges** apply;
- any credit or overdue amounts from previous bills and the total amount due;
- the usage and service **charges** separately itemised;
- other **charges** payable;
- the date payment is due;
- the most recent meter reading;
- a comparison of your water usage, where available;
- your postal address and account number;
- the address of the property where the charges have been incurred;
- options for the method of payment;
- contact telephone numbers for account enquiries and emergency services;
- how to get information on payment assistance options; and
- information in community languages about the availability of interpreter services and the phone number for these services.

5.5.3 How are bills [issued](#)?

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We will send your bill to your nominated postal address. If you do not nominate a postal address, the [bill](#) will be sent to:

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- the **property** to which the **services** are available or provided; or
- your last known postal address.

Your bill will be considered delivered to you if it is sent to one of these addresses. Please advise us if you move or your postal address changes [using one of the methods on our website](#).

We may offer other methods of providing you with your bill (such as electronically) during the term of this **Customer Contract** and your bill will be considered delivered to you if it is sent by one of these methods.

5.5.4 How can payment be made?

We will provide a range of payment options including via the internet or direct debit, over the phone, by mail or in person at an agency representing Hunter Water, [details of which are available on our website](#).

[Payment may not be accepted if we suspect the use of fraudulent or unauthorised activities.](#)

We may offer additional payment methods during the term of this **Customer Contract**. Current payment methods are shown on your latest bill and can be found on our website or obtained by contacting us via the **General Enquiry Process**.

5.5.5 Overdue account balances

We may charge you interest on overdue account balances in accordance with our *Interest Standard*. The interest will accrue on a daily basis commencing on the due date until you have paid the amount that is overdue.

We may also charge the costs and fees that we incur in recovering (or attempting to recover) an overdue amount.

We will not charge you interest on your overdue account if you have entered into a **payment arrangement** with us due to **financial hardship**.

5.6 Undercharging

5.6.1 If, due to our error, your bill states that you are required to pay us an amount that is less than what you are actually required to pay us (that is, we have undercharged you), we may adjust your next bill to include as a separate item the amount (or amounts) by which you were previously undercharged.

5.6.2 However, if the undercharging is due to:

- you providing false information;
- you not providing up to date information in relation to a change of use of the **property** or the number of dwellings on the **property**;
- an **unauthorised connection**; or
- a breach of this **Customer Contract** or the **Act**,

you must pay the correct amount on request.

5.6.3 We may also charge you from the date we determine an **unauthorised connection** to have occurred.

5.7 Overcharging

5.7.1 If, due to our error, your bill states that you are required to pay us an amount that is greater than what you are actually required to pay us (that is, we have overcharged you), we will apply a credit to your next bill after we become aware of the error, except where:

- you have provided false information;
- you have not provided up to date information in relation to a change of use of the **property** or the number of dwellings on the **property**;
- there is an **unauthorised connection**; or

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- you are in breach of this **Customer Contract** or the **Act**.

5.8 Account queries and disputes

5.8.1 If you have questions regarding the **charges** on your bill, you should contact us via the **General Enquiry Process**.

5.8.2 If there is an unresolved **dispute** concerning an amount of money to be paid by you, we will not seek the **disputed amount from you** until the **dispute** has been resolved. Once the dispute has been resolved, you must, if the resolution is in our favour, pay the determined amount.

[Note: see clause 13.3.1 for when a dispute is considered to be resolved].

5.8.3 You are obliged to pay any undisputed amount by the due date shown on your **bill**.

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5.9 Wastewater usage charge

5.9.1 The **wastewater** usage **charge** applies to **non-residential customers** only. We will determine a **wastewater discharge factor** that is used to calculate **wastewater service** and usage **charges**. Unless you have a **wastewater** meter, our **wastewater discharge factor** will be based on how you use your **property**. We may review the determined **wastewater discharge factor** for your **property** where you can provide measured data to validate the change. Information on the review is available on our website.

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5.9.2 Where significant **wastewater** discharge volumes from your **property** originate from sources other than a metered **water service** or metered **recycled water service** (for example, from rainwater or other on-site sources, tankered water or effluent), we may apply an additional **wastewater discharge factor** or require the **wastewater** discharge to be metered by a **meter** approved by us. The supply and installation of the approved **wastewater meter** will be at your cost (see clause 11.1.3).

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5.9.3 Where a **wastewater discharge factor** is varied, the revised **charge** will apply from the beginning of the next **billing cycle**. We will notify you of any change to your **wastewater discharge factor**.

5.10 Other costs and charges

5.10.1 Dishonoured or declined payments

If payment of your **bill** is dishonoured or declined, we will charge you the relevant maximum administrative **charge** specified by **IPART**.

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We may refuse to accept personal cheques or card payments for a specific bill where two or more dishonoured payments have occurred. We may refuse future payments by these means if you have a history of dishonoured payments.

5.10.2 Costs for installing and connecting services

You **are responsible for all** costs **associated with** an **authorised connection to our infrastructure** **including** the construction of any necessary works from your **property** to our **infrastructure**.

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5.10.3 Charges for other matters

We may charge you a fee for any other service you request from us, **or where we have agreed to provide you with a different level of service as set out in clause 3**. You should contact us for further details of any ancillary charges.

We may also charge you other fees, charges and amounts where we are entitled to do so under the **Act**, the **Operating Licence** or any applicable **Law**.

6 WHAT CAN I DO IF I AM UNABLE TO PAY MY BILL?

6.1 Payment difficulties and assistance options

6.1.1 If you are experiencing **financial hardship** you should contact us and we will provide you with information about available options to assist you in accordance with our *Debt Recovery and Hardship Policy*. All reasonable effort will be made to provide assistance to you.

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6.1.2 If you are experiencing **financial hardship**, you have a right to:

- be treated sensitively on a case by case basis;
- receive information from us on alternative payment arrangements;
- seek a deferral of payment for a short period of time;
- negotiate an amount you can afford to pay us on an agreed instalment plan. If you are a non-residential customer these arrangements will be based on reasonable commercial considerations and market conditions; and
- access to a language interpreter, if required, at no cost to you.

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6.1.3 Additionally, if you are a **residential customer** experiencing **financial hardship**, you will be provided with information about other options that may assist such as:

- the possibility of paying smaller amounts on a regular basis;
- accredited community agencies offering financial assistance, such as payment assistance scheme credit;
- government concession programs; or
- other programs which may assist you.

6.1.4 If you enter into a **payment arrangement** with us, we will:

- allow you to make payments by instalments;
- inform you of the period of the payment plan and the amount and frequency of each instalment;
- provide for instalments to be calculated having regard to your consumption needs, your capacity to pay and the amount of any arrears you are required to pay; and
- provide you with procedures that are fair and reasonable for dealing with the financial hardship.

6.1.5 If you are unable to meet your scheduled payment you will need to contact us immediately to reschedule the payment to prevent recovery action.

7 RESTRICTION OR DISCONNECTION OF SERVICES

7.1 Restriction or disconnection of services for non-payment

7.1.1 If you fail to pay the bill by the due date and have failed to make alternative arrangements for payment, we may take legal action to recover the debt or **restrict** or **disconnect** your **services** in accordance with our *Debt Recovery and Hardship Policy*.

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7.1.2 You may face additional costs if we take legal action, or **restrict** or **disconnect** your **services**.

7.2 Notice of restriction or disconnection for non-payment

7.2.1 If you fail to pay your bill by the due date and your recent payment history is good (payment commitments have been consistently honoured and no additional debt recovery action had commenced on your account in the previous 12 months) we will send you a reminder notice. The reminder notice will advise you:

- of the amount payable and that payment is due within seven days of issue;
- to contact us if you are having difficulty making payment so we can provide you with information about options available to assist you, in accordance with clause 6.1; and
- of your right to raise your concerns with the **EWON** if you have attempted to resolve those concerns with us and are not satisfied with a decision made by us.

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7.2.2 If you fail to comply with the reminder notice issued under clause 7.2 or your recent payment history is not good we will issue a final notice. The final notice will advise you, in addition to the matters listed in 7.2.1:

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- that payment is due immediately to avoid debt recovery action or the **restriction** or **disconnection** of the services to your **property**; and
- that you may incur additional costs relating to us taking debt recovery action or the **restriction** or **disconnection** of the **services** to your **property**.

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7.2.3 If we intend to **restrict** or **disconnect** a known tenanted **property**, notice will be sent to your nominated address as well as the serviced **property** before we **restrict** or **disconnect** the **services**.

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7.2.4 We may **restrict** or **disconnect** the **services** to your **property** if at least seven days have elapsed since we issued the final notice to you under clause 7.2.2 and to the serviced **property** under clause 7.2.3 (if applicable) and you have still not paid the account.

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7.2.5 If you receive a bill for a new **billing cycle** that contains an overdue amount from a previous **billing cycle**, we may **restrict** or **disconnect** the **services** on the arrears after issuing you with the appropriate notices relating to the overdue amount.

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7.2.6 Information on our practices and procedures relating to **financial hardship**, debt recovery, **restriction** and **disconnection** are outlined in our *Debt Recovery and Hardship Policy*, which is available on our website.

7.2.7 We will not **restrict** or **disconnect** the **services** or commence recovery action in relation to non-payment of your bill:

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- without giving appropriate notice in accordance with this clause 7. of our intention to **restrict** or **disconnect** your **services**;
- if there is an unresolved dispute as to the amount owing (for when a dispute is deemed to be resolved for this purpose please see clause 13.3);
- if you have entered into or are in the process of entering into a payment arrangement due to **financial hardship** and are complying with the agreed terms; or
- you have notified us that you have sought assistance from a community agency and that assistance is imminent.

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7.2.8 We will not **restrict** or **disconnect** your **services**:

- if you have notified us that you need **drinking water** for a life support machine or other special needs (as per clause 3.1.5);

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on:

- a Friday;
- the weekend;
- a public holiday or the day before a public holiday; or
- after 2:00 pm on a business day;

where your property is occupied by a tenant:

- without advising the tenant that in some circumstances the Act permits a tenant to pay outstanding charges and then recover the amount paid from the owner of the property or deduct the amount paid from any rent payable to the owner of the property; and
- without providing the tenant reasonable opportunity to pay the bill; or

if a related complaint is being considered for resolution by us, EWON, or by legal proceedings.

7.3 Restriction or disconnection for other reasons

7.3.1 We may restrict or disconnect the services to your property if:

you have an unauthorised connection to our infrastructure;

your water system, your recycled water system, your wastewater system or your stormwater pipes are defective;

you fail to rectify a defect with, or unauthorised work on, your water system, your wastewater system or your stormwater pipes as set out in clause 9;

you breach this Customer Contract, the Act, a separate agreement or any other agreement with us, concerning the use or taking of drinking water or recycled water or the discharge of wastewater or stormwater;

you fail to ensure access to our meter on your property in accordance with clause 11.2.2 after we have made reasonable endeavours to contact you to arrange access, (such as leaving a notice requesting access and providing you with a disconnection warning);

the poor quality of your pipes prevents us from exchanging the meter and you have failed to address this within 30 days of our notifying you of this;

we issue you with a written notice requiring the installation of the appropriate backflow prevention device in accordance with our Backflow Prevention Standard and you have not complied with this written notice;

you discharge trade waste into our wastewater infrastructure without a separate agreement with us (if one is required), or you fail to comply with the conditions of the separate agreement;

you are connected to a pressure sewerage system that is owned by Hunter Water (refer to clause 8.6) and you do not comply with your separate agreement or the operation and maintenance requirements;

a serious health, environmental or operational risk is posed by the discharge of chemicals or other substances into our wastewater infrastructure;

a serious health or environmental risk is posed by backflow of any substance from your water system into our water infrastructure;

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- you use your **recycled water** in a manner inconsistent with its intended purpose or in a manner contrary to the information we provide about the safe use of recycled water;
- we are entitled or required to **restrict** or **disconnect** by direction of the Minister or under any applicable **Law**; or
- the customer is a **corporation and a non-residential customer**, and an **Insolvency Event** occurs.

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7.4 Minimum flow rate

If we take **restriction** action, we will provide a reasonable flow for health and hygiene purposes. If you believe that the **restriction** will cause a health hazard you should contact us.

7.5 Disconnection by a customer

- 7.5.1 You may **disconnect** your **property** from our **infrastructure**, provided that:
- you have paid the relevant **charges**; and
 - the **disconnection** is undertaken by a licensed plumber and conducted in accordance with Hunter Water's **requirements**; and
 - you have complied with all applicable **Laws**; and
 - you have given us all information we may reasonably require; and
 - you or your licensed plumber have given us two business days' notice of the disconnection from the **infrastructure**, booked an inspection of the work and returned any of our **infrastructure** to us (i.e. the **meter**).
- 7.5.2 We will continue to charge you a **service charge**, even if you are not using the **service**, until the **disconnection** has been confirmed and/or any of our **infrastructure** is returned to us.

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7.6 Restoration of services

- 7.6.1 If **the** conditions **for restoration** are met **before 2:00pm** on any business day, **we will use our reasonable endeavours to restore the:**
- **drinking water service on the same business day;**
 - **wastewater service** within 24 hours.
- 7.6.2 If the conditions for restoration are met after 2:00 pm on any business day, **and you pay the** after hours reconnection charge as set by **IPART**, **we will use our reasonable endeavours to restore the drinking water service on the same business day.**

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7.6.3 Arrangements for restoration of **recycled water service** will be agreed between us and you.

8 RESPONSIBILITIES FOR MAINTENANCE AND REPAIR

8.1 Diagrams

Appendix A contains **diagrams** showing responsibilities for **maintenance** for **authorised standard connections**. These **diagrams** are illustrative only and should not be relied on for any purpose other than to assist with understanding the provisions of this **Customer Contract**. In the event of an inconsistency between the **diagrams** and other terms and conditions of this **Customer Contract**, the other terms and conditions prevail to the extent of the inconsistency. Refer to our **relevant connection requirements** for further information.

8.2 Our responsibilities regarding our infrastructure

Hunter Water is only responsible for maintaining and repairing its **infrastructure**.

8.3 Your responsibilities regarding your water system

8.3.1 As the **owner** of the **property**, you own and are responsible for maintaining and repairing **your water system** including annual testing of any backflow prevention devices required to be installed in addition to the device integrated into the meter.

8.3.2 You are also responsible for any damage caused by a failure of **your water system**.

8.3.3 We may investigate any failure of your water system and undertake any reasonable repairs to your water system (up to and including the **meter**) as long as:

• your water system complies with our **Water Services Connection Standard**, and the Plumbing Code of Australia and any other applicable codes, regulations and standards; and

• The meter is situated up to one lineal metre along the pipe within your **property** boundary. If the meter is situated more than one lineal metre along the pipe within your property boundary, or there is no meter, we will only provide this service up to one lineal metre along the pipe within your property boundary.

We will only maintain and repair your **path tap** if it is situated within one lineal metre along your pipe inside the **property** boundary (as shown in a registered plan with the **LRS**).

If we make repairs to your water system, we will backfill and make safe any excavations required on your property. We will not restore any landscaping, structures or hard surfaces.

8.3.4 We are not responsible for the installation, modification, **disconnection**, or disposal of water connections between our **water infrastructure** and the **meter**.

8.3.5 We are not responsible for the installation, modification, repair, **maintenance**, **disconnection**, disposal or testing (where applicable) of:

• your **water system**:

- downstream of the meter, or
- if your meter is located more than one metre along the pipe within your property boundary, more than one metre along the pipe within your **property** boundary;

• **backflow prevention devices**, except where the device is integrated into the meter supplied and owned by us;

• main to meter services greater than 40 millimetres diameter and/or that are designed and installed to meet a customer's supply requirements;

• **unauthorised connections**;

• dedicated **fire services** or combined fire and domestic water services connected to our **water infrastructure**;

• **water services** connecting to privately-owned water mains such as in some community title subdivisions or **private joint services**;

• private water services connecting to our **water infrastructure** under the terms of a **separate agreement**; or

• damage to **your water system** not caused by Hunter Water.

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8.3.6 You should contact us via the **General Enquiry Process** if you have any questions about the repair and **maintenance** responsibilities for **your water system**.

8.3.7 In this clause, references to "one lineal metre along the pipe within your **property** boundary," means:

- in the case of a property comprised of a lot in a strata scheme, one lineal metre along the pipe inside the boundary of the parcel of the strata scheme of which your **property** is a part; and
- includes one lineal metre along any easement within which your **meter** or **private service** may be situated if that easement falls within your **property** boundary.

8.4 Your responsibilities regarding your recycled water system

8.4.1 You are responsible for maintaining and repairing **your recycled water system**.

8.4.2 We will also not meet the costs of installing new private services or modifying, upsizing or relocating existing private services. You should contact us via the **General Enquiry Process** if you have any questions about the repair and **maintenance** responsibilities for **your recycled water system**.

8.5 Your responsibilities regarding your wastewater system

8.5.1 You are responsible for maintaining and repairing **your wastewater system**, including your privately owned **pressure sewerage equipment**.

8.5.2 You must not allow rainwater to enter **your wastewater system**.

8.5.3 It is possible that the **connection point** with our wastewater infrastructure is outside your **property**. If you do not know where the **connection point** is, you should contact us via the **General Enquiry Process**.

8.5.4 We are not responsible for the installation, modification, repair, **maintenance**, **disconnection**, disposal or testing (where applicable) of:

- wastewater systems connecting to privately owned **wastewater** mains such as in some community title subdivisions or shared private services;
- private wastewater systems connecting to our wastewater infrastructure under the terms of a **separate agreement**; or
- damage to **your wastewater system** not caused by Hunter Water.

8.5.5 We will also not meet the costs of installing new private services or modifying, upsizing or relocating existing private services. You should contact us via the **General Enquiry Process** if you have any questions about the repair and **maintenance** responsibilities for **your wastewater system**.

8.5.6 Blockage of the **wastewater system**

- If a blockage occurs and you suspect that it is a blockage in our wastewater infrastructure, you should notify us. If the blockage is in our wastewater infrastructure we will clear the blockage at our cost. However, you are liable to pay to the extent you have contributed to the blockage.
- If the blockage occurs in **your wastewater system**, you are responsible for arranging the blockage to be cleared by a licensed plumber at your cost.

8.5.7 You should contact us via the **General Enquiry Process** if you have any questions about the repair and **maintenance** responsibilities for **your wastewater system**.

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8.6 Pressure sewerage system

8.6.1 **Pressure sewerage systems** use pressure created by pumps, instead of gravity, to transport **wastewater** to our [wastewater infrastructure](#).

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8.6.2 If a **pressure sewerage system is located on your property**, you will generally have a collection tank [and cover](#), a pump, an alarm control panel, [electrical connections](#) and a boundary kit (known as the **connection point**) on your **property**.

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8.6.3 There are different repair and **maintenance** obligations depending on whether the **pressure sewerage system** is owned by us or by you.

• Hunter Water Pressure Sewerage System (HWPSS)

If you are a residential customer connected to our [wastewater infrastructure](#) via a HWPSS, we will repair and maintain up to and including the collection tank. We will also repair and maintain the control panel and the power cable to the pump, as illustrated in the relevant [diagram at Appendix A](#).

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• Private Pressure Sewerage System (PPSS)

If you are a **residential customer** connected to our [wastewater infrastructure](#) via a PPSS, you are responsible for repairs and **maintenance** from the boundary kit to your **property**, as illustrated in the relevant [diagram at Appendix A](#).

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8.6.4 We may need to enter into a **separate agreement** depending upon the location of the boundary kit. You must ensure you maintain your pump and storage tank as set out in this **separate agreement**.

8.6.5 You are also responsible for any **approvals** from any **authority** relating to the installation and ongoing use of the **pressure sewerage system**.

8.6.6 You should contact us via the **General Enquiry Process** if you have any questions about the repair and **maintenance** responsibilities for **your pressure sewerage system**.

8.7 Non-standard connections

8.7.1 A **standard connection** is one that gives you the level of service outlined in this **Customer Contract**. If a **standard connection** is not available, then you may [request](#) a **non-standard connection**. If we approve a **non-standard connection**, this will give you access to our **services**, but these **services** will be provided at a different [level](#) to those outlined in this **Customer Contract**. The level of service we give you, and your responsibilities to maintain any equipment, will be listed in a **separate agreement**. Approval of a **non-standard connection** will be at Hunter Water's discretion.

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8.7.2 Subject to the terms of any **separate agreement**:

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- if your **property** has a **non-standard wastewater connection** we will generally repair and maintain the system up to the **connection point** with our [wastewater infrastructure](#), which may be outside the **property** boundary, [and/or](#)

Deleted: sewerage system

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- if your property has a **non-standard water connection** we will repair and maintain the system up to the **connection point** with our **water infrastructure**, which is located at our water main. You should engage a licensed plumber to repair leaks on **your water system**.

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8.7.3 You should contact us via the **General Enquiry Process** if you have questions about your **non-standard connection**.

8.8 Private joint service

8.8.1 A **private joint service** exists if more than one **property** receives **services** from the one **connection point**.

8.8.2 Each **owner** is responsible for the repairs and **maintenance** of the **private joint service** and any damage ~~resulting from a defect in the private joint service~~. Your shared responsibility starts from the **connection point** to our **infrastructure**. The apportionment of costs incurred in its **maintenance** is a matter between you and others who share it.

Deleted: to private or public property

8.8.3 **Disconnection** of individual properties from **private joint services** is a matter between the relevant owners of the **properties**. We have no authority in respect to **disconnection** from **private joint services**. If you are the **account holder**, you must apply for **disconnection**, as described in clause ~~7.5~~ 1.

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8.9 Stormwater connections, coverings and bridges

8.9.1 You are responsible for the **maintenance** of any connections between your **property** and our **stormwater infrastructure** regardless of land ownership.

8.9.2 You are responsible for the **maintenance** of any coverings, bridges or similar structures within your **property** that cover or cross our **stormwater infrastructure** unless they are owned by us.

8.10 Water Efficiency

Deleted: <#>Conserving water¶

8.10.1 ~~Water is a very precious resource. You can help conserve this precious resource by not wasting water and by using water efficient appliances.~~

8.10.2 You may install water efficient plumbing fixtures, appliances and equipment as recommended under the *Water Efficiency and Labelling and Standards Scheme*.

8.10.3 You may install water saving devices, for example:

- that collect and use rainwater for your own use. Provided that the water tanks are not directly connected to our **water infrastructure** in any way, you do not need to meet any of our requirements. However, if the water tank is to be directly connected to our **water infrastructure**, you will be required to install the appropriate **backflow prevention device**. This is to avoid the risk of contamination of our **drinking water** supply.

Deleted: site containment

- a composting toilet that does not require connection to our **water infrastructure** or our wastewater infrastructure.

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8.10.4 You must comply with BASIX requirements and all applicable **Laws** when installing water efficiency devices. **Approval** may be required from your local council.

Deleted: saving

8.10.5 For **non-residential properties** connected to our wastewater infrastructure that have rainwater tank(s) with a volume exceeding 20,000 litres installed to supply plumbing facilities, (for example, where rainwater is used for toilet flushing, laundry supply, floor wash down), we may require the **wastewater** discharge to be metered or may impose an additional **wastewater discharge factor** as set out in clause ~~5.9~~.

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8.10.6 Information on how to conserve water is available on our website or by contacting us via the **General Enquiry Process**.

8.11 Giving notice of system failures

8.11.1 You should inform us if you become aware of:

- any failure of our **infrastructure**, such as a burst main, overflow or leak from our **infrastructure**; or

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any interruption or disruption to your **water service** or **sewerage service**; or ¶

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[any interruption or disruption to your services](#)

and we will attend to the incident as soon as practicable.

8.12 Removal of trees

8.12.1 If a tree on your **property** is obstructing or damaging our **infrastructure**, or is reasonably likely to do so, we may require the removal of the tree [at your cost](#) except where the **Act** provides otherwise. [We will give you 14 days' written notice requiring you to remove the tree.](#)

8.12.2 You may, with our consent [but](#) at your cost, take steps to eliminate the cause of damage or interference to our **infrastructure**, without removing the tree.

8.12.3 If you fail to comply with [a](#) notice to remove [a](#) tree [without reasonable cause](#), by the specified date, then we may remove the tree [at your cost](#).

8.12.4 We cannot require a tree to be removed that is the subject of a protection or conservation order under the *Heritage Act 1977* (NSW) or the *National Parks and Wildlife Act 1974* (NSW) or similar **Law** but not including any environmental planning instrument.

8.12.5 [You may contact us via the General Enquiry Process for further information about the removal of trees.](#)

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Deleted: be at your cost. We may be required to reimburse

Deleted: for reasonable expenses where required by

Deleted: Act. You may contact us via the **General Enquiry Process** for further information.

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9 DEFECTIVE OR UNAUTHORISED WORK

9.1 Authorised Connections

9.1.1 Connection to our **infrastructure** must be approved by us and comply with the conditions we set to ensure the safe and reliable supply of **services**. The connection must be undertaken by a licensed plumber and in accordance with our **connection requirements**. If you do not comply with these requirements you will be considered to have an **unauthorised connection**.

Deleted: water infrastructure, sewerage system or stormwater

Deleted: , including our **Water Services Connection Standard, Wastewater Connection Standard or Trade Wastewater Connection Standard** (as applicable).

9.2 Defective or unauthorised work

9.2.1 If we become aware of any **defective works** or **unauthorised connection** to our **infrastructure**, we will request the **defective works** or **unauthorised connection** to be rectified within a reasonable time.

9.2.2 If you do not comply with the notice, we may **restrict** or **disconnect** your **services** until it is fixed. We may also remedy the **defective works** or **unauthorised connection** and you will be charged the reasonable costs incurred by us in undertaking this work and, if required, in reconnecting you.

9.2.3 We may **restrict** or **disconnect** your **services** without notification if your **defective works** or **unauthorised connection** presents a health or physical hazard to our [people, infrastructure](#) or the community in general.

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9.3 Building, landscaping and other construction work

9.3.1 [Any works, such as](#) excavation, building, landscaping or other construction work, [that are](#) over, or adjacent to, our **infrastructure** [can impact on our ability to access our infrastructure for essential repairs and maintenance or in the event of an emergency. You must not undertake any of these activities](#) without first requesting our consent. Such consent can be given subject to certain conditions or withheld at our sole discretion. [You can find further information on our website or by contacting us.](#) If you do not comply with these requirements you will be considered to have undertaken **unauthorised works**.

Deleted: In order to protect our **infrastructure**, you must not undertake any

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9.3.2 We may request that you remove any **unauthorised works** that have the potential to interfere with our **infrastructure** or access to our **infrastructure** at your cost. If you do not comply with our request within the required timeframe, we may remove the **unauthorised works** and charge you the reasonable costs incurred by us in undertaking this work. We may also disconnect your property from our services until the work is carried out.

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9.3.3 Failure to obtain **approval** or comply with the conditions of an **approval** may limit our obligation to reinstate the **unauthorised works** or the obligation for compensation (see clause **10.4**) as a result of our need to access our **infrastructure**.

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9.3.4 **Properties** with an existing water service must be metered during the period of any excavation, building, landscaping or construction works. The **meter** must be accessible (as described in clause **11.1**) at all times.

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9.4 Altering and unauthorised connection or use

9.4.1 In accordance with the Act, Hunter Water Regulation or other applicable Law, you must not:

- wrongfully take, use or divert any water from our **water infrastructure**;
- wrongfully take, use or divert any recycled water from our recycled water infrastructure;
- wrongfully interfere with the operation of a **meter**, metering system or prevent a **meter** from accurately registering the quantity of water supplied by us;
- use a dedicated **fire service** for any purpose other than firefighting or testing of the fire service;
- wrongfully discharge any substance into our **infrastructure**; or
- carry out any activity that may alter, cause destruction of, damage to, or interfere with, our **infrastructure**, or make any unauthorised connection to our infrastructure.

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10 ENTRY ONTO YOUR PROPERTY

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10.1 Access to Hunter Water's infrastructure

10.1.1 You must provide us with safe access to your **property** to allow us to undertake the following types of activities:

- maintain or inspect our infrastructure;
- ensure compliance with this Customer Contract, the Operating Licence or the Act;
- read, test, inspect, maintain or replace the meter;
- collect and test drinking water and recycled water quality;
- test and maintain drinking water and recycled water quality sampling points; and
- access your **property** for other purposes set out in the **Act** or other applicable **Law**.

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10.2 Identification

10.2.1 When we enter your **property**, our people will carry identification that will be shown to you (or to any person present at the time of access).

Deleted: employees or contractors

10.3 Notice of access

10.3.1 Subject to any provision of this **Customer Contract**, we will give you, or the occupier of your **property**, two business days written notice specifying the date and approximate time of our entry onto your **property**, except where:

- you have agreed to a shorter period;
- in our opinion entry is required urgently;
- giving notice would defeat the purpose of entry;
- we need to investigate a health or safety issue, or
- we have the power under any **Law** to access your property without the provision of such notice.

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10.4 Impact on customer's property

10.4.1 If we enter your **property** we will use our reasonable endeavours to:

- cause as little disruption or inconvenience as possible;
- remove all rubbish and equipment we have brought on to the **property**; and
- leave the **property**, as near as possible, in the condition that it was found on entry.

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10.4.2 Where our activities result in inconvenience, damage or loss to you or your **property**, you may be entitled to redress as outlined in clause 12.

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11 METER READING, INSTALLATION, TESTING AND MAINTENANCE

11.1 Installing and maintaining the meter

11.1.1 Your **property** must have a **meter**, unless we otherwise agree in writing. Separate **meters** will be installed for **drinking water** and **recycled water** where the **property** has connection to both **services**.

Deleted: <#>You may be entitled to compensation under the **Act** for damage incurred by our entry to your **property**. Any entitlement to compensation will be subject to the conditions set out in clause 16.4.¶
<#>¶
<#>**WATER**

11.1.2 An approved site containment **backflow prevention device** appropriate to the **property's** hazard rating must be fitted. Most **residential properties** with low hazards serviced by either a 20mm or 25mm **meter** already contain a **backflow prevention device** as part of the **meter**. **Properties** with larger **meters** or which have a higher hazard rating must comply with any additional requirements under our *Backflow Prevention Standard*.

Deleted: as determined under the *Backflow Prevention Standard*,

11.1.3 You are required to pay for the installation of the **meter** and ensure that it is installed either by us or a licensed plumber. The **meter** is to be fitted within one metre of your **property** boundary. If a **meter** cannot be fitted in this location, the **meter** must not be installed until we have approved an alternative location.

11.1.4 The installed **meter** remains our property and we will maintain it. We may charge you for the cost of repair or replacement of the **meter** and its assembly if it is damaged by you.

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11.1.5 You are responsible for installing and maintaining the pipework on either side of the **meter**. For further details, refer to the **Water Services Connections Standard**.

Deleted: You are also responsible for maintaining the pipework located on either side of the **meter**, unless we maintain it under clause 12.2.

11.1.6 If there is no **meter** measuring the supply of water to your **property** we will charge you an unmetered **service charge** as approved by IPART.

11.1.7 We may require that you fit a **meter** to your **fire service**. This requirement will be noted in your connection **approval**.

11.1.8 You must not remove a **meter** from your **property** without our consent.

11.2 Access to the meter

11.2.1 We may enter your **property** without notice to read, test, inspect, maintain or replace the **meter**.

11.2.2 You must ensure that the **meter** is accessible to our people at all times. The **meter** and the visible pipe connected should be clear of concrete, plants, trees bushes and other obstructions.

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11.2.3 If you have not provided reasonable and safe access to your **meter**, we will bill you on an estimate of your usage and will also recover the cost of the attempted **meter** reading.

11.2.4 If you have not provided reasonable and safe access to the **meter**, we may:

• require you to:

Deleted: (a)

- (i) relocate the **meter** at your cost;
- (ii) read the **meter** yourself and provide us with the reading; or
- (iii) install a remote reading device, which may attract an additional **charge**.

• seek access at a time suitable to you, which may attract an additional charge;

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• take action under clause 7.3, and **restrict** or **disconnect** your services until you provide reasonable and safe access around the **meter**; or

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• make other arrangements with you.

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11.2.5 If you intend to relocate your **meter**, you should engage a licensed plumber at your cost. Your plumber should check our current **Water Services Connections Standard** before relocating the **meter**.

11.3 Measuring supply

Deleted: water supplied

11.3.1 You will be charged for the quantity of drinking water and/or recycled water measured by the **meter**, unless the **meter** is faulty and we are required to adjust what we charge you under clause 11.4.3.

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11.3.2 It is an offence under the **Act** to tamper with a **meter** or to divert water in a manner that prevents the **meter** from recording usage.

11.3.3 If a **meter** is stopped or damaged, an estimated usage will be calculated on a basis that is representative of your usage pattern.

11.3.4 Where in our opinion no satisfactory basis exists to adjust a usage **charge**, we will negotiate with you a mutually agreeable adjustment of **charges** based on an estimated reading.

11.3.5 When the price for drinking water, recycled water or **wastewater** usage is varied on a date that falls within your **meter** reading period, we will apply the new price on a pro rata basis.

11.3.6 We will use our reasonable endeavours to provide an actual **meter** reading at least once every 12 months, inclusive of **meter** readings taken by you on our behalf.

11.3.7 Where the **meter** is part of an automated meter reading system in a multi-level building, we may share your **meter** reading information with the Owners Corporation or building manager.

11.4 Meter testing

11.4.1 If you consider that the **meter** is not accurately recording, you may request that we test it. We will advise you of the **meter** test results and make available a written report on your request.

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11.4.2 You will be required to pay the costs of the **meter** test prior to the test proceeding. This cost will be refunded if the **meter** is shown to be inaccurate unless you have contributed to the reason why the meter is taking inaccurate readings.

11.4.3 If the test shows that the **meter** is over recording by over four per cent (4%) of the actual volume passing through it, we will:

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- replace the meter;
- refund the charge paid by you for the test under clause [11.4.2](#); and
- recalculate your [bill](#) on the basis that is representative of your usage pattern.

11.5 Meter replacement

11.5.1 We will replace the **meter** at no cost to you if the **meter**:

- is found to be [faulty](#); or
- is replaced as part of a **meter** replacement program.

11.5.2 We will attempt to notify you at the time of replacement and advise you that a new **meter** has been installed. A mutually acceptable time will be negotiated with **non-residential customers** for the replacement of **meters**, where practicable.

11.5.3 If a **meter** has been stolen from your **property**, you are required to engage a licensed plumber to place a spacer where the **meter** was installed and to advise us of the stolen **meter**. We will arrange for a new **meter** to be installed and you will be required to pay any related **charges**.

12 REDRESS

12.1 Notification

12.1.1 If you believe we have failed to comply with this **Customer Contract** or our activities have resulted in inconvenience, damage or loss to you or your **property**, you must notify us and we will investigate the matter and provide you with a response. That response will include:

- whether you are entitled to a rebate or other redress options available under this clause;
- the options available to rectify your problem; and
- the availability of compensation under clause [12.4](#).

12.2 Rebates

12.2.1 You may be entitled to a rebate if any of the events in clauses [12.2.3](#) to [12.2.8](#) occur as long as:

- you have an **authorised standard connection**; and
- you, or a third party, have not caused or contributed to the event.

[12.2.2 For the avoidance of doubt, all rebates specified in kilolitres in clauses 12.2.3 to 12.2.8 will be applied using the water usage charge for non-drought response days.](#)

12.2.3 Unplanned interruptions

If you experience an **unplanned interruption** to your **drinking water service** (not including your **recycled water service**) of over five hours in duration due to a failure of our **water infrastructure**, a rebate of [20](#) 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.

If you experience three or more **unplanned interruptions** to your **drinking water service** (not including your **recycled water service**) in a financial year due to a failure of our **water infrastructure**, each exceeding five hours in duration, a rebate of [32](#) 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. \(You will not receive any rebate under this clause for a fourth or subsequent event.\)](#)

[12.2.4 Planned interruptions](#)

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Deleted: <#>If we incur additional costs to replace the **meter** because of actions by you (e.g. restricted access to the **meter**, structural work at or near the **meter**), we will recover those additional costs from you.¶

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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**.¶

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Deleted: 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.¶

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Moved down [6]: Only one rebate will be applied in a financial year.¶

Deleted: If you experience a **dry weather wastewater overflow** on your **property** in a ...

Moved down [7]: You will receive this rebate for the first event that you experience in a financial year.¶

Deleted: If you experience two **dry weather wastewater overflows** on your **property** in the ...

Moved down [8]: You will receive this rebate for the second event that you experience in a financial year.¶

Deleted: If you experience three or more **dry weather wastewater overflows** on your **property** ...

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If you experience three or more **planned interruptions** to your **drinking water service** (not including your **recycled water service**) in a financial year, each exceeding five hours in duration, a rebate of 20 kilolitres will be applied to the water usage component of your next bill.

12.2.5 **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 20 kilolitres will be applied to the water usage component of your next bill. Only one rebate will be applied in a financial year.

Moved (insertion) [5]

Moved (insertion) [6]

12.2.6 **Wastewater overflows**

If you experience a **dry weather wastewater overflow** on your **property** in a financial year as a result of a failure of our **wastewater infrastructure** (not including shaft breaks), a rebate of 40 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.

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If you experience two **dry weather wastewater overflows** on your **property** in the same financial year due to a failure of our **wastewater infrastructure** (not including shaft breaks), a rebate of 80 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.

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If you experience three **dry weather wastewater overflows** on your **property** in the same financial year due to a failure of our **wastewater infrastructure** (not including shaft breaks), a rebate of 280 kilolitres will be applied to the water usage component of your next bill after the third event. You will receive this rebate for the third event that you experience in a financial year.

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You will not receive any rebate under this clause for a fourth or subsequent event.

12.2.7 **Discoloured Water**

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**.

We may provide compensation for damage caused by **discoloured drinking water** (see clause 12.4) and we may refund you the cost of water used to flush **your water system**.

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We will undertake an investigation of recurrent **discoloured drinking water** problems to **determine if there is a suitable** long term solution.

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12.2.8 **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 20 kilolitres will be applied to the water usage component of your next bill **where** your **property** is within the declared boiled water alert area.

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12.3 **Forms of redress**

12.3.1 In addition to our obligation to apply a rebate under clause 12.2, we may provide one or more of the following forms of redress:

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- reinstatement;
- repair;
- rectification;
- construction of works;
- providing alternative supplies of water;
- emergency accommodation;

- payment for damages as set out in clause 12.4.

12.3.2 If you are dissatisfied with the form of redress we provide you, you may request additional redress from us. We will consider your request in accordance with the timeframes in clause 13.1.2 as if your request were a **complaint**.

12.4 Claim for damages

12.4.1 In the event of physical loss or damage to you or your **property** as a result of our failure to comply with this **Customer Contract**, the **Operating Licence** or the **Act**, you may be entitled to reimbursement, following our investigation of the matter. However, you should make your initial claim to your insurance company. If your loss is not covered by an insurance policy you may notify us for consideration.

12.4.2 If you make a claim for damages you must specify the nature of the problem and the type of compensation sought. We will require relevant documentation and evidence in support of your claim for damages as part of our consideration of your claim.

We will investigate your claim in accordance with the timeframes and procedures set out in clause 13.1.2.

12.5 Guarantees and Assurance

12.5.1 The only promises we make about the goods and **services** we provide under this **Customer Contract**, and the only conditions and warranties included in this **Customer Contract** are:

- those set out in this **Customer Contract**; and
- those that we must provide by Law (for example, the **Australian Consumer Law**).

12.5.2 However, where we are liable to you because of a breach of a condition or warranty that the **Law** says is included in this **Customer Contract**, our liability is limited to the extent permitted by **Law**, to:

- replacing the goods and services to which the breach relates; or
- at our option, paying you the cost of replacing those goods, or having the services supplied again.

12.5.3 The limitation of our liability does not affect rights you may have under a **Law** that applies to us that states we cannot exclude or limit our liability.

13 WHAT CAN I DO IF I AM UNHAPPY WITH THE SERVICE PROVIDED BY HUNTER WATER?

13.1 Customer Complaints

13.1.1 If you have a complaint about our service or our compliance with this Customer Contract, the Act or the Operating Licence, you should first contact us using the methods referred to in the **General Enquiry Process**.

13.1.2 We will address your **complaint** in accordance with our *Complaint and Enquiry Policy* and will use reasonable endeavours to resolve your **complaint** as soon as possible. We will:

- acknowledge receipt of your complaint within three business days and provide a case identification number that will assist you with tracking your complaint.
- indicate our intended course of action, including an estimated time frame to respond to your complaint, and

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Deleted: tracking your claim.¶
We will undertake investigations into the circumstances surrounding the claim/incident

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Within the time indicated, you will be provided with a written assessment of your claim outlining the reasons for the decision and whether any compensation will be paid.¶
If you are not satisfied with our decision, you have the right to seek review of your claim under

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Deleted: We will acknowledge receipt of your **complaint** and provide a case identification number that will assist you with tracking your **complaint**. Where we are unable to resolve your **complaint** within 3 business days, we will provide you with an estimated timeframe for our response.

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Deleted: and identify when the course of action will be taken (if relevant). We will also

- provide [you with](#) the name of [a](#) contact person.

13.2 Complaints review

13.2.1 If you are not satisfied with the solution offered or action taken by us, you may have the **complaint** reviewed [internally by one of our managers](#).

13.2.2 The manager will:

- clarify your **complaint** and the outcome sought;
- [advise you of the estimated time frame for our manager's review](#);
- [consider whether](#) the **complaint** has been properly investigated [and appropriately dealt with](#);
- [inform](#) you [of the outcome of the manager's review](#);
- [outline the basis for](#) our decision; [and](#)
- [notify you of your rights to external review](#), if you are still not satisfied with our decision.

13.3 Resolution of complaints

13.3.1 A **complaint** will be considered resolved if:

- we provide you with a response that:
 - resolves the **complaint** to your satisfaction (or indicates how the **complaint** will be resolved to your satisfaction); or
 - provides an explanation of the [basis of the decision](#) and why no further action is proposed in relation to the complaint; or
 - provides a date when the issue will be resolved if the complaint relates to future planned operational or capital work.
- the **complaint** is resolved through an external dispute [resolution](#) process in accordance with clause [13.4](#), or
- 28 days have passed since receiving our response pursuant to clause [13.1.2](#) and you have not sought a further review by us [under clause 13.2 or escalated the complaint to an external dispute resolution process in accordance with clause 13.4](#).

13.3.2 We will extend the 28 business days by a reasonable period if:

- within those 28 business days you have requested an extension; or
- after the 28 business days you demonstrate that, because of special circumstances, you were unable to seek an extension within the 28 business days.

13.3.3 Where a further communication is received from you [after the date specified above](#), this will be regarded as a new **enquiry** or **complaint**.

13.4 External dispute resolution

[13.4.1](#) If you are still not satisfied with our response after following the process in clause [13.1](#) and [13.2](#), you may escalate the **complaint** to a **dispute** and seek external resolution of the **dispute** through **EWON** [on](#):

[Website: ewon.com.au](#)

[Free call: 1800 246 545](#)

EWON will work with you and Hunter Water to find a fair and reasonable outcome.

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<#>indicate what we will do to address the issue; and ¶

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13.4.2EWON's services are available to you at no cost. **Disputes** that may be referred to **EWON** include **disputes** about supply of **service**, your account, credit or payment services and **restriction** or **disconnection**. Full details are available from **EWON**. You are encouraged to contact us first to allow us the opportunity to resolve the issue.

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13.4.3You may choose whether or not to accept **EWON's** decision. If you decide to accept it, then it will be final and binding on us.

13.4.4The **NCAT** may also hear and determine consumer claims.

13.4.5You also have recourse to the legal system.

14 WHO SHOULD I CONTACT?

14.1 Emergency assistance (Faults and leaks assistance)

14.1.1In the event of a suspected leak or burst water main, a **wastewater overflow**, an **unplanned interruption**, a water quality or **low water pressure** problem, you may contact our 24 hour **Emergency (faults and leaks) Assistance Line** on 1300 657 000.

14.1.2The emergency phone number is also listed on your bill and on our website.

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14.2 General Enquiries

14.2.1If you have an **enquiry** relating to your account, payment options, concession entitlements or other information about our **services**, and you cannot find the answer on our website, you should contact us via the following methods (General Enquiry Process):

[Note: These details are correct as at 1 July 2022. We will endeavour to provide notification of any changes to these details as soon as reasonably possible. You should verify these details via our website]:

Website: hunterwater.com.au (online enquiry form)

[Note: There may be other forms of online contact platforms available from time to time. Please check our website for details]

Email: enquiries@hunterwater.com.au

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Post: [PO Box 5171 HRMC 2310](#)

Moved (insertion) [3]

Telephone: [1300 657 657](#)

In person: [36 Honeysuckle Drive, Newcastle West \(8:30am-5:00pm\)](#)

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14.2.2We will reply to your written **enquiry** within five business days of receiving it, unless we can respond sooner by phone contact. Our written response will provide an explanation and the name of the contact person for follow up **enquiries**. If your **enquiry** cannot be resolved within these timeframes, you will be advised of the contact number of the person who will investigate your **enquiry** further.

14.2.3If your verbal **enquiry** cannot be answered immediately, we will use our reasonable endeavours to provide a response to your verbal **enquiry** within three business days.

14.3 Interpreter and TTY services

14.3.1We provide an interpreter service for people from non-English speaking backgrounds to use to contact us. Please call 131 450 to access these services.

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14.3.2**Customers** who have a hearing or speech impairment can contact us through the National Relay Service (NRS) as follows:

- For TTY (teletypewriter) users phone 133 677 and ask for 1300 657 657;
- For Speak and Listen (speech-to-speech relay) users phone 1300 555 727 and ask for 1300 657 657; or
- For internet relay users connect to the NRS (see relayservice.gov.au for details) and ask for 1300 657 657.

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15 CONSULTATION, INFORMATION AND PRIVACY

15.1 Community involvement

- 15.1.1 To enable community involvement on issues relevant to our programs, **services** and decision making process, we have a customer advisory group.
- 15.1.2 The customer advisory group works to a Charter. The Charter is available on our website or can be obtained by contacting us via the **General Enquiry Process**.

[Note: As at 1 July 2022 the customer advisory group is named the [Customer & Community Advisory Group](#). The [Customer & Community Advisory Group's](#) Charter explains the role and functions of the [Group](#). The name of this customer advisory group and the Charter may change from time to time.]

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15.1.3 In addition to the customer advisory group, we have online customer forums, we engage with a wide range of customer and community groups, we conduct forums for specific issues and we conduct regular customer surveys.

For further information about how we engage with our customers and the community see our website or contact us via the **General Enquiry Process**.

15.2 Providing information

- 15.2.1 We will provide and respond to requests for information according to the provisions of the *Government Information (Public Access) Act 2009* (NSW).

15.3 Privacy

15.3.1 We respect your privacy and are committed to complying with all relevant privacy legislation (which may include the [Privacy and Personal Information Protection Act 1998](#) NSW and [Health Records and Information Privacy Act 2002](#) NSW.

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15.3.2 Details on how we protect your privacy and handle your personal information are available on our website and in our [Privacy Management Plan](#).

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15.3.3 Privacy enquiries and complaints may be directed to our Privacy Officer via the **General Enquiry Process**, or to the NSW Privacy Commissioner.

15.3.4 We may use your contact details:

- to contact and correspond with you (via sms, email or telephone where you have provided those contact details to us) for the purposes of this Customer Contract (for example, to inform you of service disruptions or to send your bills); or
- to send you our newsletter or information about other programs of community interest
- to survey you about how we are performing.

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15.3.5 To the extent permitted by **Law**, we may disclose **personal information** we have collected and information relating to your payment or credit history, your creditworthiness, credit standing, or credit capacity (including our opinions regarding these matters) to, or exchange with:

credit reporting agencies, other credit providers, other suppliers, or our agents and contractors, or

other Authorities for the purpose of confirming your eligibility for concessions and exemptions (for example, pensioner rebates).

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16 DEFINITIONS, INTERPRETATION AND POLICIES

16.1 Definitions

In this **Customer Contract**, the defined terms have the same meaning as those provided in the **Operating Licence** and the **Act**, where available. All other words have the meanings provided below.

Where terms used in the **Customer Contract** are defined in the **Act**, these terms are defined by reference to the **Act** and a guidance note added to set out the meaning of the term. Guidance notes do not form part of the **Customer Contract** and may be updated by Hunter Water from time to time with the approval of **IPART**.

Account holder is taken to have the same meaning as 'owner' under the **Act**.

Act means the *Hunter Water Act 1991* (NSW).

Approval means an approval, consent, lease, licence, permit or authority issued or required in respect of any matter referred to in this **Customer Contract**.

Area of operations has the same meaning as under the **Act**.

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Australian Consumer Law means the Australian Consumer Law as set out in Schedule 2 to the *Competition and Consumer Act 2010* (Cth).

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the area referred to in section 16(1)(a) to (c) of the **Act**, ¶
but excludes the area referred to in section 16(2) of

Australian Drinking Water Guidelines (ADWG) means the document titled *Australian Drinking Water Guidelines 2011* published by the National Health and Medical Research Council and the Natural Resource Management Ministerial Council of Australia and New Zealand (as amended or updated from time to time).

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Australian Guidelines for Water Recycling means the document titled *Australian Guidelines For Water Recycling: Managing Health and Environmental Risks (Phase 1) 2006* and published by the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the Australian Health Ministers' Conference (as amended or updated from time to time).

Authorised connection means a connection to our **infrastructure** that has been approved by us in compliance with our **connection requirements** and any conditions of **approval**.

Deleted: **water infrastructure**, our **sewerage system** or our **stormwater**

Authorised standard connection means an **authorised connection** that is not a **non-standard connection**.

Deleted: **Water Services Connections Standard**, **Wastewater Connections Standard** or **Trade Wastewater Standard**

Authority means any government, semi-governmental, statutory, administrative, fiscal or judicial body, corporation, department, commission, authority, tribunal or other person.

Backflow prevention device means a device to prevent the reverse flow of water from potentially polluted source into our **water infrastructure**.

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Billing cycle means billing periods each of four months commencing on 1 July, 1 November, and 1 March each year.

Charges include any charges or fees payable under this **Customer Contract** or other agreement made between **us** and a **you**.

Deleted: **CEP** means common effluent pump, as described in the **Wastewater Connection Standard**.¶

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Complaint means an expression of dissatisfaction made by **customers** or consumers to **us** in relation to **our** products or **services**, staff or the **complaint-handling** process itself, where a response or resolution is reasonably expected (explicitly or implicitly) or legally required.

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Connection point is where the private service from a **property** connects to our **infrastructure**.

Connection requirements means Hunter Water's requirements for connection to its **infrastructure published on our website**. These requirements are intended to ensure that there is adequate capacity for **customer** connection and that our **infrastructure** is protected against potential problems that could arise from **defective** or **unauthorised connections** and **defective customer** systems.

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Critical customer means a **customer** that is dependent on **drinking water** supply to the extent that an interruption to **drinking water** supply poses an immediate and major health or safety risk and is included on our critical customer list.

Customer has the same meaning as under the **Act**.

[Note: Under the Act, "customer" means a person who is taken to have entered into a customer contract or a person who has made a contract with us of a kind referred to in section 37 [of the Act].

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Customer Contract means this contract, being the contract referred to in section 36(1) of the **Act**.

Declared stormwater drainage area means an area within our **area of operations** declared by order of the Governor under section 46 of the **Act** to be a drainage area.

*[Note: Declared Stormwater Drainage Areas are areas used to transport **stormwater**. These areas are marked on maps located on our website]*

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Defective or **defective works** means an issue, blockage or leakage from **any of your systems** or into our **infrastructure** that impacts, or poses a risk to, the operation of our **infrastructure** or the environment and **defective** has the same meaning.

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Deleted: water infrastructure, sewerage system, stormwater

Disconnect or **Disconnection** means the stopping (either temporarily or permanently) of the **services** to your **property**.

Dispute means an unresolved **complaint** escalated internally or externally or both.

Drinking Water means water intended primarily for human consumption but which has other personal, domestic or household uses such as bathing and showering, in accordance with the health related guidelines in the **ADWG**.

Drinking water service means the **drinking water** service we are permitted to provide by the **Operating Licence** and any applicable **Law** in respect to the collection, storage, treatment, conveyance, reticulation or supply of **drinking water**.

Dry weather wastewater overflow means an overflow resulting from a blockage in **our wastewater infrastructure** (e.g. caused by tree root invasion or pipe collapse), an electrical or mechanical failure or other system problem not related to transporting excess **wastewater** flows during wet weather.

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Emergency (faults and leaks) Assistance Line is 1300 657 000.

Energy and Water Ombudsman NSW (EWON) means the NSW industry complaints scheme for the water industry of that name and any successor to that scheme.

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Enquiry means a written or verbal question by or on behalf of a **customer** which can be satisfied by providing information, advice, assistance, clarification, explanation or referral.

Environment Protection Licences means **our** Environment Protection Licences issued under the *Protection of the Environmental Operations Act 1997* (NSW) in relation to our **wastewater infrastructure**.

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Financial hardship means situations where a **customer** is unable to pay all or some of the account or is unable to pay by the due date.

Fire service means a **water service** constructed to meet fire protection requirements under the relevant **Law**.

General Enquiry Process means the process of making general enquiries to us by means of any of the methods outlined in clause 14.

Hunter Water Regulation means the *Hunter Water Regulation 2015* enacted under the **Act**.

Infrastructure means any or all of our water, recycled water, wastewater and stormwater infrastructures as the case may be.

Insolvency Event means where:

- you inform us in writing or creditors generally that you are insolvent or unable to meet your financial commitments;
- a notice is given of a meeting of creditors with a view to you entering a deed of company arrangement;
- a controller, administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed;
- you enter a deed of company arrangement with creditors;
- an application is made to a court to wind you up and it is not stayed within a further 10 Business Days;
- a winding up order is made against you;
- you resolve by special resolution to be wound up voluntarily;
- a mortgagee takes possession of the property; or
- you take or suffer in any place, any step or action analogous to any of those mentioned in this definition.

IPART means the Independent Pricing and Regulatory Tribunal of New South Wales constituted by the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

Law means any requirement of any primary or subordinate legislation, rule or common law, present or future and whether state, federal or otherwise.

Low drinking water pressure means where your **drinking water** pressure at the **connection point** to our water infrastructure is below 20m head of pressure for a continuous period of 30 minutes or more except:

- as a result of a supply interruption;
- water usage by authorised fire authorities in the case of a fire; or
- on a day when peak day demand exceeds 370 megalitres per day.

It is measured either by:

- customer notification and confirmation by our field testing, or
- our systems or modelling.

Maintenance includes repairs and replacement, and, where relevant, testing and inspection.

Major operational incident means an event which causes any of our **infrastructure** to fail.

Meter is the device used to measure the water usage and includes any remote reading equipment and associated wiring, power, plumbing and servicing equipment but excludes the assembly.

Minister means the Minister responsible for the **Act**.

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NCAT means the NSW Civil and Administrative Tribunal established under the *Civil and Administrative Tribunal Act 2013* (NSW).

Non-residential customer is a **customer** who is not a **residential customer** and includes a **customer** who owns **property** providing commercial residential services (for example, boarding houses, caravan parks, hotels, hostels, mobile home villages and motels).

Non-residential property means **property** that is not **residential property**.

Non-standard connection means a **non-standard water connection** or a **non-standard wastewater connection**.

Non-standard water connections or **non-standard wastewater connections** includes (where relevant) a connection to a **property** that does not have a direct frontage to our **water infrastructure**, is connected directly to a trunk water main or is unable to connect to our **wastewater infrastructure** by normal means.

NSW Health means the NSW Ministry of Health.

Operating Licence has the same meaning provided in the **Act**.

Owner has the same meaning as under the **Act**.

Path tap forms part of the meter assembly as indicated in Figure 1 of Appendix A.

Payment arrangement means any type of payment assistance set out in clause 6 of this **Customer Contract**.

Penalty notice means an infringement notice issued in response to a breach of the **Act**, the **Customer Contract** or the **Hunter Water Regulation**.

Personal information has the same meaning as under the *Privacy and Personal Information Protection Act 1998* (NSW).

Planned interruption means an interruption to a **service** initiated by us to allow **maintenance** or new connections to be undertaken and for which notice has been given to you.

Pressure sewerage system means a system where individual pumps located in collection tanks on private **property** are used to pump **wastewater** to our **wastewater infrastructure**.

Private joint service means a single **connection point** to our **infrastructure** which serves more than one **property**.

Property means any real property that is connected to, or for which a connection is available to, our **Water Infrastructure**, our **Wastewater Infrastructure**, our **Recycled Water Infrastructure** or is within a declared **stormwater drainage area**. This also includes strata titled properties. **Public Property** means real property vested in or under the control of a Minister of the Crown or public authority, and excludes any part of that property which is leased, licensed or used for private purpose.

Recycled Water means water that has been treated to a standard suitable for its intended end use such as industrial, commercial and/or household applications but is not intended for use as **drinking water**.

Recycled water area is the geographical area occupied by a community or communities supplied with **recycled water** through a pipe network separate from the **drinking water** system.

Recycled water infrastructure includes any of our **infrastructure** that is, or is intended to be, used for:

- the collection or storage of **recycled water** and includes the connection point;
- the conveyance or reticulation of **recycled water**;

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Deleted: [Note: Under the **Act**, an **operating licence** means an **operating licence** granted (to us) under section 12 or any renewal of it.]

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[Note: Under the **Act**, owner, in relation to land, includes every person who jointly or severally at law or in equity: (a) is entitled to the land for an estate of freehold in possession, or (b) is a person to whom the Crown has contracted to sell the land under the Crown Lands Act 1989 (NSW) or any other Act relating to alienation of land of the Crown, or (c) is entitled to receive, or receives, or if the land were let to a tenant would receive, the rents and profits of the land, whether

Deleted: beneficial owner, trustee, mortgagee in possession or otherwise, and, in relation to land of the Crown, means the Crown but does not include a person who, or a class of persons that, is specified by a regulation not to be an owner for the purposes of this definition, either generally or in a particular case or class of cases.]

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an individual dwelling or individual premises used for any purpose, which forms part of the land; and
a lot in a

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- the treatment of **recycled water**, including any outfall pipe or other work that stores or conveys recycled water leaving the infrastructure used for the treatment of recycled water; and
- any other **infrastructure** used in connection with recycled water
- but does not include any pipe, fitting or apparatus that is situated downstream of your **connection point** to our **recycled water infrastructure**.

Recycled water service means the services we are permitted to provide by the **Operating Licence** and any applicable **Law** in respect to the collection, storage, treatment, conveyance, reticulation, supply or disposal of **recycled water**.

Residential customer means a **customer** who owns **residential property**.

Residential property is property that is **your** principal place of residence or that is categorised as residential under the *Local Government Act 1993* (NSW).

Restrict or **Restriction** means a direct intervention in the **water service** by Hunter Water in order to reduce flow to **your** property.

[Note: See separate and unrelated definition for "Water restrictions".]

Separate agreements are agreements covering arrangements such as **non-standard water connections**, **non-standard wastewater connections**, **trade waste connections** or **recycled water connections**.

Service charge is a charge for being connected to our **infrastructure**.

Services means supplying **drinking water and recycled water (but excluding unfiltered water)**, providing **wastewater** and **stormwater** services, and disposing of **wastewater**.

Stormwater means the water collected, stored and transported via the **stormwater infrastructure**.

Stormwater infrastructure means the drainage channels, pipes, detention structures, and quality improvement devices and other equipment that we use to provide **stormwater services**.

Stormwater services means the services we are permitted to provide by the **Operating Licence** and any applicable **Law** with respect to drainage.

Trade waste means any liquid, and any material contained in any liquid, which:

- is produced on or stored at any non-residential property;
- is produced or stored on, or transported by, any vehicle (including, without limitation, motor vehicles, planes, boats and trains);
- is comprised of waste from a portable toilet or septic tank;
- is comprised of run-off from an area that is contaminated within the meaning of section 5 of the *Contaminated Land Management Act 1997* (NSW), or
- contains any substance classified as a restricted substance in our **Trade Wastewater Standard**.

Trade waste service means the services we are permitted to provide by the **Operating Licence** and any applicable **Law** in respect to the collection, storage, treatment, conveyance, or disposal of **trade waste**.

Trade Wastewater Standard means the standard by this name published on our website from time to time.

Unauthorised connection includes where you:

- connect to our **infrastructure** without our approval;

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Deleted: **infrastructure** used for the treatment of **wastewater**; or¶ any other **infrastructure** used in connection with **sewerage services** and **trade waste services**¶ but does not include any pipe, fitting or apparatus that is situated upstream of your **connection point** to our **sewerage system**.¶

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- do not comply with all conditions of connection we have set;
- do not comply with the conditions in the Customer Contract or your **separate agreement**;
- do not install a **meter** on a new water service connection before you start taking the water;
- do not install **backflow prevention devices** appropriate for the hazard rating of the **property** in accordance with our **Backflow Prevention Standard**, test it, send the results to us and fix any faults; or
- discharge **wastewater** or **trade waste** without our written permission or breach your **trade waste** discharge standards or do not meet requirements for **trade waste** pre-treatment equipment.

Unauthorised works means the placement of any works and structures over our infrastructure without our prior approval or consent.

Unfiltered water means dam water that is dosed with chlorine but is not filtered or otherwise treated.

Unplanned interruption means an interruption to the **services** due to:

- emergencies;
- events beyond our control;
- a situation where we need to avert danger to any person or property; or
- faults in our **infrastructure**,

and for which no notice has been given to you.

Wastewater means any discarded water, whether clean or contaminated, that is discharged into the wastewater infrastructure.

Wastewater Connection Standard means the standard by this name published on our website from time to time.

Wastewater discharge factor is an estimate of the volume of **wastewater** discharged by you into our wastewater infrastructure usually expressed as a percentage of water measured by our **meters** as delivered to your **property** or otherwise determined in accordance with clause 5.9.2.

Wastewater infrastructure includes any of our infrastructure that is, or is intended to be, used for:

- the collection or storage of wastewater and includes the connection point;
 - the conveyance or reticulation of wastewater;
 - the treatment of wastewater, including any outfall pipe or other work that stores or conveys wastewater leaving the wastewater infrastructure; or
 - any other infrastructure used in connection with wastewater services and trade waste services
- but does not include any pipe, fitting or apparatus that is situated upstream of your connection point to our wastewater infrastructure.

Wastewater overflow means a discharge of untreated or partially treated **wastewater** from our wastewater infrastructure either in wet or dry weather.

Wastewater service means the service we are permitted to provide by the **Operating Licence** and any applicable **Law** in respect to the collection, storage, treatment, conveyance or reticulation of wastewater.

Water infrastructure includes any of our **infrastructure** that is, or is intended to be, used:

- for the collection or storage of water, including from a dam or reservoir or a water production plant;

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- for the treatment of water;
- for the conveyancing or reticulation of water and includes the **connection point**; or
- in connection with **water services**,

but does not include any pipe, fitting or apparatus that is situated downstream of your **connection point** to our **water infrastructure**.

Water restrictions means a restriction on the use of water provided for in, or notified under, the **Act** or the **Hunter Water Regulation**.

Water service means the service we are permitted to provide by the **Operating Licence** and any applicable **Law** in respect to the collection, storage, treatment, conveyance, reticulation or supply of water.

Water Services Connections Standard means the standard by this name published on our website from time to time.

WIC Act means the *Water Industry Competition Act 2006 (NSW)*.

Your system(s) means your **wastewater system**, [your water system](#) and/or your [recycled water system as the case may be](#).

[Your recycled water system means the pipes, fittings, meters \(except those owned by us\) and other connected accessories required for or incidental to the supply and measurement of recycled water provided by us, but does not include our recycled water infrastructure.](#)

Your wastewater system means the pipes, fittings and other connected accessories required for or incidental to the discharge or conveyance of **wastewater** to our [wastewater infrastructure](#), but does not include our [wastewater infrastructure](#).

Your water system means the pipes, fittings, meters (except those owned by us) and other connected accessories required for or incidental to the supply and measurement of water provided by us, but does not include our **water infrastructure**.

16.2 Interpretation

In this **Customer Contract**, the following interpretations apply:

- a reference to a person includes a natural person, corporation, statutory corporation, partnership, the Crown and any other organisation or legal entity;
- a party includes the party's executors, administrators, successors and permitted assigns and where there are two or more parties, jointly and severally;
- the [Law](#) includes legislation, regulations, licences, orders, mandatory codes, permits and directions;
- a business day is a day that is not a Saturday, a Sunday or a public holiday in New South Wales [or a non gazetted public holiday in our area of operations](#);
- a statute, regulation or provision of a statute or regulation (statutory provision) includes:
 - that statutory provision as amended or re-enacted from time to time;
 - a statute, regulation or provision enacted in replacement of that statutory provision;
 - another regulation or other statutory instrument made or issued under that statutory provision;

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• a word importing the singular includes the plural (and vice versa) and a word indicating a gender includes every other gender;

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• including and similar expressions are not words of limitation;

Deleted: (h) .

• a reference to a clause or schedule is a reference to a clause of or a schedule to this **Customer Contract**;

Deleted: (i)

• a reference to a contract or document (including without limitation, a reference to this **Customer Contract**) is a reference to this **Customer Contract** or document or any document which varies, supplements, replaces, assigns or novates that document;

Deleted: (j) .

• where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning;

Deleted: (k)

• headings and any table of contents or index are for convenience only and do not form part of this **Customer Contract** or affect its interpretation;

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• a provision of this **Customer Contract** must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this **Customer Contract** or the inclusion of the provision in this **Customer Contract**;

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• if an act must be done on a specified business day which is not a business day, it must be done instead on the next business day;

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• money is to Australian dollars, unless otherwise stated;

Deleted: (o)

• if there is any inconsistency between this **Customer Contract** and any Law, the Law will prevail to the extent of the inconsistency;

Deleted: (p) .

• a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this **Customer Contract**;

Deleted: (q)

• a reference to a party in a document includes that party's successors and permitted assigns;

Deleted: (r) .

• an agreement on the part of two or more persons binds them jointly and severally; and

• a reference to a notice, consent, request, approval or other communication under this **Customer Contract** means a written notice, request, consent, approval or agreement.

Deleted: (s) a reference to any legislation includes all amendments, consolidations, replacements and legislation applying to the same or similar subject matter and all regulations or instruments issued under it;¶
(t) .

Deleted: (u)

We, our or us means Hunter Water Corporation, established under the **Act**, including its officers, employees, agents and contractors.

You or your means our **customer** for the purpose of this **Customer Contract**.

16.3 Policies

Moved (insertion) [1]

A reference to any of our **Policies or Standards** means the policies and standards as published on our website at any one time and any amendment or replacement applying to the same or similar subject matter.

APPENDIX A

Figure 1 Typical water system maintenance responsibilities for an authorised standard connection

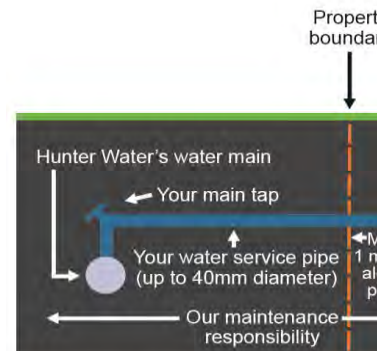
Figure 2 Typical recycled water system maintenance for an authorised standard connection

Figure 3 Typical wastewater system maintenance responsibilities for an authorised standard connection – gravity wastewater

Figure 4 Typical Hunter Water Pressure Sewerage System (HWPSS) maintenance responsibilities

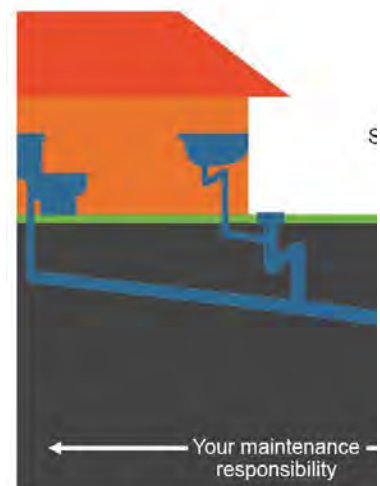
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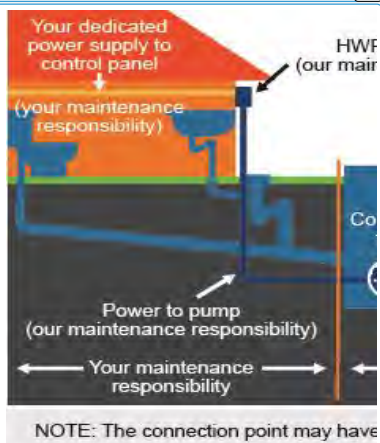


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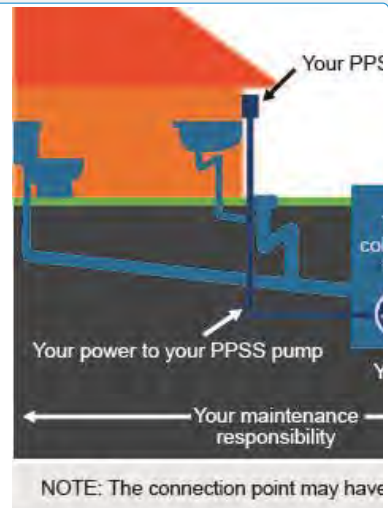


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Figure 5 Typical Private Pressure Sewerage System (PPSS) maintenance responsibilities



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APPENDIX 3 SUMMARY OF KEY PROPOSED CHANGES TO HUNTER WATER'S CUSTOMER CONTRACT

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
	Foreword		Foreword	No major changes. Inclusion of additional wording to align with Sydney Water
1	Introduction	1	Introduction	
1.1	Words used in this contract	1.1	Words used in this contract	No change
1.2	Understanding the Customer Contract	1.2	Understanding the Customer Contract	No major changes
1.3	Policies			Relocated to Interpretation section
1.4	General Enquiries			Relocated to clause 18
2	What is a Customer Contract	2	What is a Customer Contract and who is covered by it?	
2.1	What is a Customer Contract?	2.1	What is this contract?	Minor refinements with no impact on the customer
2.2	Who is covered by this contract?	2.2	Who is covered by this contract?	Minor refinements with no impact on the customer
2.3	Other agreements with us	2.3	Other agreements with us	Minor changes for clarity with no impact on the customer
2.4	When does this Customer Contract commence?	2.4	When does this Customer Contract commence?	Refined to align with Sydney Water
2.5	When does this Customer Contract end?	2.5	When does this Customer Contract end?	Minor refinements with no impact on the customer
2.6	Variation of this Customer Contract	2.6	Variation of this Customer Contract	Minor refinements with no impact on the customer
3	What Water Services Do We Provide?	3	What services do we provide	Amalgamated all service types referred to in 3-7 under one heading
3.1	Drinking Water Quality	3.1	Water Services	
3.2	Supply of water services	3.1.1	Supply of Drinking Water	
3.3	Health or special needs	3.1.2	Supply of Recycled Water	Distinguished between drinking and recycled water
3.4	Drinking water pressure	3.1.3	Drinking Water Quality	
3.5	Water restrictions	3.1.4	Recycled Water Quality	

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
4	What Recycled Water Services Do We Provide?	3.1.5	Health or special needs	Minor changes with no impact on the customer
4.1	Supply of Recycled Water	3.1.6	Drinking water pressure	Included additional wording in line with Sydney Water for clarity
5	What Sewerage Services Do We Provide?	3.1.7	Water Conservation Measures	Changed from 'water restrictions' to 'water conservation measures' to reflect the broader focus
5.1	Supply of sewerage services	3.2	Wastewater Services	Changed 'sewerage' to 'wastewater' here and throughout in line with current accepted terminology and aligning with Sydney Water
5.2	Wastewater overflow	3.2.1	Supply of Wastewater Services	Amended 'our sewerage system' to 'our wastewater infrastructure' here and throughout the document for consistency and to more clearly distinguished from 'your wastewater system'
5.3	Wastewater mining	3.2.2	Wastewater overflow	Minor changes with no impact on the customer
5.4	Prohibited substances	3.2.3	Wastewater mining	Minor changes with no impact on the customer
6	What Trade Waste Services Do We Provide?	3.2.4	Prohibited substances	Minor changes with no impact on the customer
6.1	Supply of trade waste services	3.2.5	Trade waste Services	More concise wording in line with Sydney Water
7	What Stormwater Services Do We Provide?	3.3	Stormwater Services	
7.1	Supply of stormwater services	3.3.1	Supply of stormwater services	More concise wording in line with Sydney Water
7.2	Stormwater harvesting	3.3.2	Stormwater harvesting	No change
8	Factors Affecting Service	4	Factors affecting service	Renumbered due to amalgamation of clauses 3-7
8.1	Unplanned interruptions	4.1	Unplanned interruptions	No change
8.2	Planned interruptions	4.2	Planned interruptions	No change
8.3	Major operational incident	4.3	Major operational incident	Minor change with no impact to customer
8.4	Restriction or disconnection	4.4	Restriction or Disconnection	No change
8.5	Force majeure	4.5	Force majeure	Additional wording to reference pandemics, public health emergencies and government regulation or control in light of COVID-19. Given all of these additional matters are outside Hunter Water's control, this should not be considered a significant impact on customers.

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
9	What You Pay	5	What you pay	
9.1	How prices are set	5.1	How prices are set	No change
9.2	Publication of Charges	5.2	Publication of Charges	No change
9.3	Responsibility to pay the account	5.3	Responsibility to pay the bill	Changed 'account' to 'bill'
9.4	Concessions	5.4	Concessions	No change
9.5	Your bill	5.5	Your bill	No change other than including a right to refuse to accept payment by unauthorised or suspected fraudulent or illegal means.
9.6	Undercharging	5.6	Undercharging	No change
9.7	Overcharging	5.7	Overcharging	No change
9.8	Account queries and disputes	5.8	Account queries and disputes	Minor changes with no impact on customer
9.9	Wastewater usage charge	5.9	Wastewater usage charge	No change
9.10	Other costs and charges	5.10	Other costs and charges	Changed 'account' to 'bill' and included an ability to refuse to accept payments via personal cheque or card payments where there is a history of 2 or more dishonoured payments to bring in line with Sydney Water
10	What Can I Do If I Am Unable to Pay My Bill?	6	What can I do if I am unable to pay my bill?	
10.1	Payment difficulties and assistance options	6.1	Payment difficulties and assistance options	No change
11	Restriction or Disconnection of Services	7	Restriction or Disconnection of services	
11.1	Restriction or disconnection of services for non payment	7.1	Restriction or disconnection of services for non payment	Minor changes for clarity with no impact on customer
11.2	Notice of restriction or disconnection for non payment	7.2	Notice of restriction or disconnection for non payment	TBC
11.3	Restriction or disconnection for other reasons	7.3	Restriction or disconnection for other reason	Called out 'drinking water' and 'recycled water' separately and other small changes for clarity
11.4	Minimum flow rate	7.4	Minimum flow rate	No change
11.5	Disconnecting by a customer	7.5	Disconnection by a customer	Removed superfluous words with no impact to customer

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
11.6	Restoration of services after restriction or disconnection	7.6	Restoration of services	Minor changes with no impact to the customer
12	Responsibilities for Maintenance and Repair	8	Responsibilities for Maintenance and Repair	
12.1	Drawings	8.1	Diagrams	Changed 'clause 16.4' to Appendix A and 'drawings' to 'diagrams'
12.2	Our responsibilities regarding our infrastructure	8.2	Our responsibilities regarding our infrastructure	No change
12.3	Your responsibilities regarding your water system	8.3	Your responsibilities regarding your water system	Included: (a) additional wording for clarity around backflow prevention device testing being the responsibility of the customer; (b) clarification around our obligations in relation to investigating a failure in the customer's water system; and (c) clarification around restoration if repairs are done to the customer water system in line with Sydney Water
12.4	Your responsibilities regarding your wastewater system	8.4	Your responsibilities regarding your recycled water system	relocated
12.5	Pressure sewerage system	8.5	Your responsibilities regarding your wastewater system	Minor changes calling out customer obligation to ensure rainwater not connected to wastewater system in line with Sydney Water with no impact to the customer
12.6	Non-standard connections	8.6	Pressure sewer system	Minor changes with no impact to the customer
12.7	Private joint service	8.7	Non standard connections	Minor changes with no impact to the customer
12.8	Stormwater connections, coverings and bridges	8.8	Private joint service	Minor changes with no impact to the customer
12.9	Conserving water	8.9	Stormwater connections, coverings and bridges	No change
12.10	Giving notice of system failures	8.10	Water efficiency	Changed 'conserving water' to 'water efficiency' and included additional wording to highlight the preciousness of water to better reflect subject matter
12.11	Removal of trees	8.11	Giving notice of system failures	Relocation of wording for better flow with no impact to the customer

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
		8.12	Removal of trees	Removal and relocation of words for better flow with no impact to the customer
13	Defective or Unauthorised Work	9	Defective or unauthorised work	
13.1	Authorised Connections	9.1	Authorised Connections	Removal of superfluous words for better flow with no impact to the customer
13.2	Defective or unauthorised work	9.2	Defective or unauthorised work	Changed 'employees' to 'people' in line with Hunter Water's values
13.3	Building, landscaping and other construction work	9.3	Building, landscaping and other construction work	Minor changes for clarity with no impact on the customer
13.4	Altering and unauthorised connection or use	9.4	Altering and unauthorised connection or use	Additional wording for clarity and including reference to recycled water with no impact on the customer
14	Entry Onto A Customer's Property	10	Entry onto your property	Changed 'a customer's property' to 'your property'
14.1	Access to Hunter Water's infrastructure	10.1	Access to Hunter Water's infrastructure	Included new wording for collecting, testing and maintaining drinking water and sampling points for drinking water and AND recycled water with no impact to the customer
14.2	Identification	10.2	Identification	Changed 'employees or contractors' to 'our people' in line with Hunter Water values
14.3	Notice of access	10.3	Notice of access	No change
14.4	Impact on customer's property	10.4	Impact on customer's property	Removed 10.4.3 as it was repetitive of the contents of 10.4.2
15	Water Meter Reading, Installation, Testing and Maintenance	11	Meter reading, installation, testing and maintenance	Removed 'water' as there may also be recycled and wastewater meters
15.1	Installing and maintain the meter	11.1	Installing and maintain the meter	Removed 'wilfully or negligently' from 11.1.4.
15.2	Access to the meter	11.2	Access to the meter	Changed 'Hunter Water or its representatives' to 'our people' in line with Hunter Water values
15.3	Measuring water supplied	11.3	Measuring supply	Removed 'water' in the heading so that the clause covers all forms of supply that are metered.
15.4	Meter testing	11.4	Meter testing	Removed superfluous words
15.5	Meter replacement	11.5	Meter replacement	Changed 'defective' to 'faulty' in 11.5.1 to avoid confusion with 'defective works'
16	Redress	12	Redress	
16.1	Notification	12.1	Notification	No change
16.2	Rebates	12.2	Rebates	No change except for substituting 'wastewater infrastructure' for 'sewerage system'

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
16.3	Forms of Redress	12.3	Forms of redress	Changed 'unsatisfied' to 'dissatisfied'
16.4	Claim for damages	12.4	Claims for damages	Amended 'we may compensate you for loss suffered' to 'you may be entitled to reimbursement' for better flow with no impact to the customer
16.5	Limitation of Liability	12.5	Guarantees and Assurances	Amended the heading to be in line with Sydney Water but no other changes
17	What can I do if I Am Unhappy with the Service Provided by Hunter Water	13	What can I do if I am unhappy with the service provided by Hunter Water?	
17.1	Customer complaints	13.1	Customer complaints	Included: (a) additional wording to encourage customer to seek resolution directly with Hunter Water in the first instance; (b) amalgamated and streamlined subclauses all with no impact on the customer
17.2	Complaints review	13.2	Complaints review	Minor amendments for better flow with no impact on the customer
17.3	Resolution of complaints	13.3	Resolution of complaints	Minor amendments for better flow with no impact on the customer
17.4	External dispute resolution	13.4	External dispute resolution	Retained current day methods of contact
18	Who should I contact?	14	Who should I contact?	
18.1	Emergency assistance (Faults and leaks assistance)	14.1	Emergency assistance (Faults and leaks assistance)	No change
18.2	General Enquiries	14.2	General enquiries	Amended to incorporate up to date information and to reflect closure of regional satellite offices
18.3	Interpreter and TTY Services	14.3	Interpreter and TTY Services	No change
19	Consultation, Information and Privacy	15	Consultation, Information and Privacy	
19.1	Community Involvement	15.1	Community Involvement	Amended to reflect change of name of customer advisory group
19.2	Providing Information	15.2	Providing information	No change
19.3	Privacy	15.3	Privacy	Included reference to specific legislation and our Privacy Policy
20	Definitions, Drawings and Interpretation	16	Definitions and Interpretation	'Drawings' now 'Diagrams' in Appendix A

Hunter Water Current Customer Contract		Hunter Water Proposed Customer Contract		Key Changes and Reasons
No.	Clause	No.	Clause	
20.1	Definitions	16.1	Definitions	Minor changes such as 'sewerage system' to 'wastewater infrastructure' and further refinement for clarity
20.2	Interpretation	16.2	Interpretation	Included 'or a non gazetted public holiday in our area of operation' to the exclusion of business day as Hunter Water has a number of these
20.3	Drawings	16.3	Policies	Relocated from 1.3
			Appendix A	Updated drawings to provide clarity (with permission from Sydney Water)

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