

18th October, 2021 Submission IPART Water Pricing – Lynda Newnam

I write this as a follow up to the 4 IPART forums I have attended (2 online and 2 in person).

My previous submission in October 2019

<https://www.ipart.nsw.gov.au/sites/default/files/documents/online-submission-individual-l.-newnam-14-oct-2019-174200000.pdf>

provides context for my interest – environmental and effective governance. My focus is in Greater Sydney, hence Sydney Water (SWC), however I have found Hunter Water contributions useful for comparison.

CUSTOMERS: USERS AND ABUSERS

Throughout the recent process I have noted repeated reference to customers, without characterisation. There has been discussion about ‘customer value’, ‘customer satisfaction’ based on customer surveys but this is meaningless without understanding the diversity between and within groups. I think it would be helpful if SWC were required to provide this information when reporting on customer engagement. Given the challenges – drinking water security (including potable recycled water), aging infrastructure, recreational/environmental water quality – it is clear that more substantial community engagement is required.

The making of a fatberg

- 1 | Wet wipes are flushed down toilets
- 2 | Cooking oil and grease are washed down kitchen sinks
- 3 | Wet wipes and oil clump together, catching on pipe bends or jagged edges
- 4 | Clumps form into ‘fatbergs’ that block larger pipes
- 5 | Yet more wet wipes and oil make their way to wastewater treatment plants, catching in filters



Guardian graphic

At the 3rd workshop I raised ‘fatbergs’ as an example of market failure based on underlying customer engagement failure. Two weeks previous to this I had attended the Malabar CCC facility tour. A section was ‘out of order’ because of a recent ‘fatberg’ incident. I talked to a longstanding employee about the \$ cost of fatbergs and customer ignorance/irresponsibility. Costs can be recovered after an EPA non-compliance if the customer can be identified but the utility bears the full cost of fatbergs. According to Queensland researchers Christmas and winter are particularly bad – for the

former the flushing of Christmas ‘fats’ and the latter the cold pipes. Another SWC employee I spoke to when I followed up about the grease problem said that the cost was probably underestimated. ‘Flushable’ wipes are another issue. Had sufficient customers been engaged the problem would not be as significant and there would have been far greater outrage against Justice Gleeson’s ACCC finding.

In the same break-out session both the Hunter and SWC representatives said that their biggest challenge was compliance. Unfortunately, there was no-one in the EPA in attendance to provide a 'regulator perspective'.

EPA commented that: – Sydney Water is the subject of several regulatory actions in connection with the effective operation and maintenance of its systems. – Sydney Water's Environment Protection Licences (EPLs) contain several performance requirements relating to dry weather overflows and wet weather overflows, which Sydney Water breached during the year. – EPA has, or intends to, place Pollution Reduction Programs on several of Sydney Water's EPL's. From IPART 2020 Audit
https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-report-Sydney-Water-Operating-Licence-Report-to-the-Minister-2020-March-2021.PDF

'Customer'/'consumer' knowledge about the water cycle is low. Understanding the basics of recreational/environmental water quality is low – aesthetics trump science. Even for those interested there is no central source for providing comprehensive data by catchment/sub-catchment.

The effectiveness of customer engagement appears to be based on 'emotional' rather than 'intellectual' feedback. As long as the water bills remain 'manageable' customers, especially concession holders (pensioners/associations), will provide an overall 'satisfactory' rating.

The complexity and short and long-term challenges are not communicated. During the last round of major water restrictions SWC were promoting low water use and cactus gardens as a 'solution'. Customers who were keeping water up to native gardens for habitat and street trees for heat mitigation or even watering vegetables (reducing food miles) were not pulling their weight. It was implied they should stick to cactus. This dumbed down approach to the environment has consequences.

Intelligent conversations need to take place around water recycling to increase potable supplies as outlined in the Draft Water Strategy currently on exhibition.

https://www.industry.nsw.gov.au/_data/assets/pdf_file/0017/470501/draft-strategy.pdf

One of the means of engagement is the Customer Advisory Committee (formerly Council). This is a well-established group established to provide representation. I checked though the terms, membership and minutes which were available (only 2019 onwards). <https://www.sydneywater.com.au/about-us/our-people/who-we-are/customer-forums.html>

From meeting 3rd September, 2020:

Roch Cheroux (RC) commented that he was pleased to see the progress that Sydney Water was making towards customer centricity in decision making. He was keen to see if committee members could contribute or share best practise in how we could engage with customers better. He said that while acknowledging the complex value chain and governance structures Sydney Water was operating in, no decision-making process existed that could not be improved with better customer insights and thanked the committee members for their contributions.

<https://www.sydneywater.com.au/content/dam/sydneywater/documents/community-advisory-committee.pdf>

On the same day one of the oldest Citizen Science programs in Australia celebrated 30 years. It was Streamwatch (water quality/environmental stewardship program) established by Sydney Water/ Water Board. Though contacted well beforehand, there was no mention of the association nor the value of the innovative outreach (website/facebook/media release/involvement in celebration) from Sydney Water
<https://citizensciencepartnerships.com/2020/08/25/celebrating-30-years-of-streamwatch-on-3-september-2020/>

In its audit on 'engagement' IPART appears to rely on the effectiveness of outreach of members of the Customer Council. Requirements for transparency should align with capability eg. all minutes on website with details on how representatives can be contacted.

6.6 Customer engagement			
6.6.1	Sydney Water must undertake customer engagement to understand its customers' preferences and willingness to pay for service levels. The customer engagement must be relevant, representative, proportionate, objective, clearly communicated and accurate.	SC	
6.6.2	Sydney Water must establish and regularly consult with its Customer Council.	SC	
6.6.3	Sydney Water must provide the Customer Council with information in Sydney Water's possession or under its custody or control necessary to enable the Customer Council to discharge the tasks assigned to it, other than information or documents that are confidential or privileged.	SC	
6.6.4	Sydney Water must keep minutes of proceedings of the Customer Council and make a copy of the minutes available to any person, free of charge, upon request made to the Contact Centre.	SC	
6.6.5	Sydney Water must undertake a review of the operation of the Customer Council. The review must include an assessment of the Customer Council's role, objectives, outcomes and membership, including whether the Customer Council could be used to better support customer engagement, as required by clause 6.6.1.	SC	
6.6.6	Sydney Water must report to IPART on the completed review and its outcomes by 30 June 2020 (or another date approved by IPART in writing).	Internal IPART check	This clause is not included in the auditor's scope.

DRAFT WATER STRATEGY PRIORITIES

PRIORITY 4 “Greater Sydney has a rich diversity of aquatic and marine environments, from the sandstone gorges of our drinking water catchments and the majestic Hawkesbury-Nepean River to coastal lagoons, beautiful beaches and the stunning Sydney Harbour and Illawarra escarpment. Within the city, waterways and estuary foreshores provide nature refuges and habitat for wildlife and are highly valued by urban communities. As we explore our future water options, we must also find the right mix of solutions to better protect, maintain and improve these environments.”

*“We are identifying initiatives to: • Maintain and improve ecosystem health— We want to build on existing strategies, laws and **plans to maintain a consistent focus on enhancing water quality, with a particular focus on high priority causes of diffuse source urban water pollution and management of industrial legacies.** We can also explore ways to better manage and protect waterway and marine values and uses and improve how we monitor and report on water quality and waterway health.*

Strategic pathway: Priority 4

Review **waterway and marine values** and their associated water quality objectives.

Prepare a **wastewater management strategic plan.**

Develop a better understanding of the risks and future resilience of our wastewater infrastructure, including how we **monitor and report discharges through Sydney's wastewater ocean outfalls.**

Prepare **Coastal Management Plans.**

New **framework for monitoring and reporting ecosystem health** against water quality objectives.

New **statutory planning tools to manage and protect waterway and marine values and uses.**

New, more streamlined and better coordinated model for **stormwater governance and stormwater management controls.**

Deliver **initiatives to reduce microplastics and other contaminants.**

Upgrade ageing assets and make new network interconnections (see Priority 2).

Support councils to deliver community-led initiatives for recreational activities including **swimming.**

Comprehensive **monitoring and reporting of water quality and ecosystem health.**

Recycled water and stormwater harvesting are widely used across Greater Sydney **to support recreational activities and waterway health.**

At the 21st June forum Mr Cheroux echoed his commitment to ‘customer centricity’ with references to the importance of ‘social license’. However, how much of this is ‘brand awareness’ vs education.

As I explained in a previous submission, I have been a Streamwatch volunteer coordinator for two decades and understand current and potential value for the program to deliver in stewardship, direct education and awareness (eg. branded sites). It’s a ‘bottom up’ innovation approach (see Matt Ridley ‘How Innovation Works’) which promotes local environmental discourse. Since defunding the program in 2018 Sydney Water has provided funding for programs such as ‘Beat the Bottle’ where groups receive grants to stage Sydney Water branded 1 hour clean-ups. I successfully applied and coordinated an event on the 26/10/2019 <https://www.facebook.com/LaperouseCoastcare/videos/perfect-day-for-cleaning-up-at-laperouse-with-help-from-the-junkyard-beats-sydn/1416913705126776> in order to get an understanding of the Sydney Water shift in focus for achieving environmental objectives.

In October 2019 SWC had 31,465 Facebook Likes and 7,214 on Twitter. Those numbers today are 338,115 and 8,491 respectively. It is a modest increase over the period, particularly given a general higher uptake of social media during the COVID shutdowns.

I think we need to get smarter in the methods used to crowdsource information and expertise, not only from volunteer citizens but also water associations and other agencies. Innovation comes from a variety of sources and I think it would be best to offer a platform that can encourage a broad range of contributions. There is little value in reading/listening to feedback from thousands of people if that feedback is based on lies/inaccuracies. Hence, there is a need for clear Terms of Reference and improved communication with elected representatives and local government as well as providing a transparent intelligible website which allows for both quick browsing as well as encouraging in-depth research.

Every opportunity to communicate the complexity of operations should be taken because such engagement builds trust in a broader platform for communicating tougher and radical measures. This will be required in the future as interest rates rise and negative climate change events increase in intensity and frequency. As Stewart Wilson noted in his presentation:

now is not the time for incrementalism.

The conversations have to be at an adult, evidence-based level cognisant of broader environmental needs. Hence, there is no place for a simplistic approach to water use. There is use in the domestic situation for drinking, food, hygiene and biodiversity as well as ‘waste’ practices. Determining ‘waste’ is complex. Communicators, for example, cannot continue to urge minimalist gardens of succulents ignoring the benefits of water for food and biodiversity (eg. Greening Sydney/wildlife corridor enhancements). Business needs should also be characterised and discussed broadly because how business operates impacts domestic users. ‘We are all in this together’.

Information on the bigger picture of management is required and to begin a conversation on this I would suggest DPIE provide a dedicated webpage for SWC regulation that explains what the licences are for, lists prosecutions, makes the system intelligible. DPIE includes EPA, DPI, Water NSW and LLS. Human Health Risk (with links to NSW Health) should be included. This may address, in a small part, the need for better communication between agencies as they present themselves as ‘all in this together’ to the WWW.

Challenges for coastal management

Greater Sydney residents place a very high value on clean ocean water at our beaches and on protecting our unique coastal environments. As noted earlier under this priority, Coastal Management Programs (CMPs) are currently being prepared for Greater Sydney. These programs will set out the issues facing the region's coastal areas and outline actions to tackle them. Preliminary work for the CMPs has identified a range of challenges that we will need to address:

- Urban stormwater pollution in Sydney Harbour, which is becoming a significant threat to community values and expectations.
- Beach erosion due to rising sea levels and more frequent extreme weather events.
- Poor water quality in urban streams and rivers that run into estuaries and the ocean.
- Degraded coastal ecosystems and biodiversity.
- Impacts of sporadic wet weather overflows from the sewerage system.
- Discharge of treated wastewater to the ocean which is out of step with global standards.

From the May 2021 Advisory Committee (most recent Minutes):

FS asked about the previous environmental strategy. IF advised this is an integration into the relevant elements of that strategy with a greater focus at present on the environmental accountabilities; sustainability is still a key long-term focus. AR added that, in a customer engagement space, this point is important to ensure short term and long term are both addressed.

<https://www.sydneywater.com.au/content/dam/sydneywater/documents/community-advisory-committee-minutes-may-2021.pdf>

Sydney Water's Environment Strategy:

<https://www.sydneywater.com.au/content/dam/sydneywater/documents/environment-strategy.pdf>
(updated 2019)

In the Draft Water Strategy there is also a recognition of a 'shortfall' in community engagement/recognition of community values.

Performance, monitoring and reporting— *Comprehensive water quality and wastewater monitoring programs are in place for waterways, estuaries and marine waters. But much of this current reporting is highly technical and directed towards government and regulatory audiences—there is very little reporting that reflects community values or that uses terms and metrics the general public can understand. There is also no catchment scale, holistic reporting against waterway values and objectives. This means that we cannot measure (or report on) what has been achieved against these objectives.*

