

Sydney Water Prices 25-30: Draft Report

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About the Justice and Equity Centre

The Justice and Equity Centre is a leading, independent law and policy centre. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we work with people and communities who are marginalised and facing disadvantage.

The Centre tackles injustice and inequality through:


- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Contents

1. Introduction	2
2. Assessment of Pricing Proposal	3
3. Capital Expenditure	3
3.1 Growth CAPEX.....	5
3.2 Pretreatment program	5
3.3 Other CAPEX	6
3.4 Risk allocation	6
4. Price Setting	7
4.1 Increasing usage costs	7
4.2 Other pricing decisions.....	8
5. Enhanced affordability support measures for water.....	8
6. Performance and accountability	11
6.1 Consistency in reporting across water utilities.....	12
6.2 Improving performance measures and targets.....	13
6.3 Financial incentive schemes	14
7. Continued engagement	14

1. Introduction

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to IPART's *Draft Report for Sydney Water Prices 25-30* and broadly supports the decisions and recommendations of the Draft.

We would like to take this opportunity to commend IPART on the format and accessibility of the Draft Report. The Draft represents another step in ongoing progress to make critical processes with significant potential impact for households, accessible to the community. The Draft is clear and concise, well-structured and utilises plain language. While regulatory processes are inherently complex, the approach taken provides a much greater opportunity for a wider range of community members and stakeholders to understand and respond to the issues and decisions under consideration.

We are particularly pleased to see effort taken to note specific stakeholder feedback, identifying the stakeholder, and responding directly to the issues and perspectives raised. This represents good, transparent engagement practice that helps build trust and engagement in processes and ensure IPART is accountable for its decisions and reasoning. We strongly encourage IPART to continue to build on this approach and ensure this becomes consistent practice across all engagement processes it conducts.

We welcome IPART's focus on affordability in the Draft, and the intent to ensure that Sydney households are assuming only those costs necessary to ensure the ongoing efficient, dependable and safe operation and growth of Sydney Water's operations. Notwithstanding these efforts, the Draft involves significant uplifts in expenditure and bills, with the likelihood these trends will continue for the foreseeable future. As noted in our previous submission, we consider it necessary to review how costs – particularly those related to step-change investment increases in growth and system augmentation – are determined and recovered. We question whether it is reasonable or sustainable to continue to assume that consumers are best placed to bear the full cost on bills of major investments upgrading and expanding water infrastructure.

Beyond the specific questions raised in this decision, it is timely to undertake a wider consideration of how we can ensure the investment necessary to efficiently support growth and improved water service resilience for the community, while ensuring water services remain affordable and equitably deliverable over the coming decades.

We have observed rising consumer and community angst – including during Sydney Water's engagement as part of this process – that the community carries the full cost of infrastructure investment on bills. The community views these investments as 'government policy' and struggle to understand why their cost is recovered on bills, rather than the Government budget. They reasonably consider it difficult (if not impossible) to maintain equity and affordability under these circumstances and struggle to trade these objectives against future risks of not undertaking the investment involved. Indeed, we question whether it is possible to meaningfully balance these considerations at all in the context of such substantial, long-term investment decisions.

Our submission to the Draft provides feedback on IPART's draft decisions and recommendations, with a focus on capital expenditure decisions and affordability of water services.

2. Assessment of Pricing Proposal

We support IPART's agreement with Sydney Water in assessing the proposal as 'Standard'.

As discussed in detail in our response to the Pricing Proposal¹, the JEC considers that Sydney Water demonstrated a genuine intent and commitment to develop a proposal shaped by consumers values and priorities. Sydney Water sought to engage meaningfully with consumers through a process which yielded much that was reflected in Sydney Water's proposal. However, it demonstrated a qualified success that, at this stage in the implementation of the new framework, represents a 'standard' level of consumer centricity under the framework. We provided detailed feedback on a range of issues that undermined aspects of the program and the conclusions and decisions that can be drawn from it in our previous submission.

We reiterate our position that Sydney Water needs to review, assess and evolve their approach to address these issues in the subsequent regulatory period, and continue to mature its understanding and internal culture of engagement. We have already identified genuine efforts from Sydney Water to commence this process and will engage with them to support this process.

It is important to note that the nature of engagement is not static, and neither should assessment of it be. Maintaining the standard of approach demonstrated by Sydney Water in this process in subsequent processes would be regarded as 'substandard' and represent a retrograde step.

3. Capital Expenditure

The JEC appreciates IPART's extensive commentary and assessment of Sydney Waters' Capital Expenditure (CAPEX) and we support a robust assessment of the prudence and efficiency of that CAPEX being the basis of a final determination.

Sydney Water is facing a range of intersecting drivers of increasing infrastructure investment, but the scale and scope of CAPEX proposed raises reasonable questions as to the justification and deliverability of the investment. Given the experience in transport and energy infrastructure development, there is a material risk that Sydney Water will not be able to deliver the scope and size of the programs it has proposed on budget, or at all. While the Draft contains an assessment that Sydney Water is well placed to manage these risks, the implications for consumers should this not be the case, are significant, and warrant close consideration by IPART in their final determination.

We are not in a position to offer detailed commentary on the specific merits of IPART's draft decision on CAPEX, though we note that specific projects are not approved as such, and Sydney Water has scope to proceed with investments it deems necessary regardless of whether allowance is made for them. We do however consider that there are broader questions regarding

¹ The Justice and Equity Centre, 2024, [Submission to Sydney Water 2025-30 Pricing Proposal](#).

capital expenditure which are prominent in Sydney Water's Draft, and which require wider consideration than is necessarily possible in this process. In particular,

1. Is it appropriate for the full costs of investment required to enable growth and upgraded systemic resilience – particularly where it is required by government - to be fully recovered through consumer bills?
2. What are the impacts of project/cost deferrals on the long-term sustainability and affordability of Sydney Water providing reliable and safe water services? That is – how reasonable is it to have questions of long-term security, sustainability and resilience traded off against considerations of short-term affordability, as the current framework does? And how much agency does the community truly have in opining on these decisions?

Perceptions of poor long-term planning by Sydney Water and questions on “who-should-pay” for government planning decisions were consistent themes raised in submissions in response to the initial Pricing Proposal. These issues have not been substantially addressed in the Draft, and we understand there is a limit to what IPART can reasonably examine and address in this process. However, we encourage IPART to provide more extensive perspective and commentary on these broader questions, in the context of expectations that wherever the final decision lands, the issues of long-term sustainability and their impact on equity and affordability will continue to grow in significance as issues impacting the regulatory process.

We support prioritising equity and affordability of essential water services and agree that Sydney Water and IPART must respond to a strong community preference and interest in doing so. However, the long-term security, resilience and sustainability of these essential services is also a critical need for the community. We would be concerned if attempting to prioritise affordability, and the limitations of the regulatory framework, combined to result in any compromise to the long-term sustainability and security of Sydney Water services, by deprioritising and deferring investment that may otherwise be deemed ‘necessary’ and prudent/efficient. In the final determination, we seek further clarity from IPART as to how their assessment has been made, and assurance that the risks Sydney Water is being required to assume and manage, are reasonable and in the interests of Sydney households.

Notwithstanding the above we note the 2025-2030 pricing period will likely see the highest level of allowed expenditure ever. The deferred projects and the long-term expectations of what follows indicate it is likely this is an escalating trend that will persist for the next decade or more. We regard this as a ‘step-change’ in the nature of water infrastructure and service costs that may not be wholly compatible with our current regulatory approach and, in any case, necessitates a more holistic review of:

- how we plan and pay for water investment,
- how prices are set and how this interacts with the changing nature of the community, and
- how we support affordability and equity of services consistently across the state.

The JEC recommends that IPART, the NSW Government, NSW water utilities, including Sydney Water, and consumer advocates work together over the coming pricing period to explore wider issues of investment in water infrastructure and how it can be consistently, and more sustainably dealt with over coming decades. We consider this a relevant and growing priority for all water

service providers regulated by IPART, as well as local water utilities supported by the NSW Government.

3.1 Growth CAPEX

The JEC understands that uncertainty regarding the drivers of growth expenditure during the 2025-30 pricing period was a key consideration for IPART.

We are concerned about the capacity for accommodation of growth expenditure to impact assessment of the ‘prudence’ of other expenditure that may be more directly related to meeting consumers’ needs and maintaining affordable, quality and reliable services – including upgrades, repairs and pretreatment programs. That is, we are concerned about any scope for growth investment to alter IPARTs assessment of what other investment is allowed, with affordability in mind. We note that it is apparent that the draft is attempting to prioritise affordability and recommend that IPART provide clarity as to the how any decisions on growth may impact determinations on allowances for other expenditure (or not).

Broadly, the JEC supports IPART defraying the impact of growth expenditure where there is scope to do so. In particular, we regard it as reasonable for IPART to require Sydney Water to assume more short—medium term risk in relation to growth expenditure, rather than requiring consumers to carry the full cost of any uncertainty in relation to growth investment.

The JEC supports the draft decision to not include costs for an expansion of the SDP.

While the JEC broadly defers to IPART regarding final assessment on the prudence and efficiency on Purified Recycled Water projects, we note that the community has expressed a strong preference for PRW options to be progressed. We also note that PRW is widely accepted to be a necessary component of an efficient, resilient and reliable future water system. Further, we highlight the fact that the benefits and costs of PRW cannot be narrowly assessed against other water treatment or wastewater options, given that PRW is in part an alternative to desalination, water treatment, wastewater management, and other security and conservation measures. While the prudence and efficiency of PRW expenditure should be robustly assessed, we recommend it be assessed against an appropriately broad suite of considerations.

Should these projects be deferred for the 2025-30 pricing period, we recommend that IPART, the NSW Government and other stakeholders engage on a long-term strategy to progress the implementation of PRW over the coming decade as part of wider measures to secure the security and resilience of Sydney Water services.

3.2 Pretreatment program

The deferral of the majority of the pretreatment program is a complex issue for IPART and Sydney Water to solve. It is difficult to robustly establish the risks involved and what a reasonable approach to those risks entails over the short and long term.

A staged approach may appear reasonable but relies on an assumption that staging can deliver genuine efficiencies and cost savings, and that the start point for any escalating ‘risks’ is the 2025-30 period. However, it is likely that many of the risks pre-treatment is seeking to manage pre-exist this period and are simply escalating over time. This is particularly relevant when

considering the impact of climate related risks on the value pre-treatment. A more ‘generous’ assessment of risks may be warranted.

We highlight the recent Mid-North Coast floods, coming as the latest in a series of extreme events which exceeded their expected risk (for instance, 1-in-500-year events occurring in successive years). Given the impact flood events have on the security, continuity and quality of water supply we encourage IPART to ensure climate impacts on risks are appropriately considered, and that it is clear what level of risk being assumed by Sydney Water on behalf of the community – that is, the risk that high rainfall events or other events will lead to catastrophic failures or other failures resulting in health risks to the community.

The JEC makes no specific recommendation but to the degree the projects are demonstrated to be needed, we consider that the nature of the risks and the potential harm impact of those risks on the community may warrant Sydney Waters more ‘conservative approach’ or deferring fewer of the identified projects.

3.3 Other CAPEX

The JEC supports IPART deferring some of the costs of renewals expenditure, noting that Sydney Water may need to increase unplanned maintenance if renewal costs are not included in this pricing determination. Good asset and systems management does not necessarily mean that assets assessed as requiring renewal cannot continue to deliver good outcomes for a period of time. Sydney Water retains scope for targeting the worst assets and those that are triggering performance indicators.

The JEC notes that within property CAPEX AtkinsRealis found significant problems that Sydney Water had not addressed which now require immediate attention – including on compliance and staff welfare. The draft decision is to include only the lower-range expenditure for property costs. The final determination should provide further clarity on what impact this decision has on immediate compliance and staff welfare issues identified by AtkinsRealis.

3.4 Risk allocation

The JEC understands that growth expenditure is the area of greatest uncertainty for the 2025-30 pricing period, and that IPART draft decisions have considered risk implications for this expenditure uncertainty. We contend Sydney Water is the party best placed to carry and manage any uncertainty risk related to growth in the short-medium term. Any necessary expenditure not accounted for in the pricing determination will still be added to Sydney Water’s capital base and be recovered over the long-term as a return on Sydney Water’s assets.

Should the NSW Government consider this insufficient to enable growth, they retain scope to contribute to Sydney Waters funding for this purpose. This is not an appropriate risk for consumers to assume in full.

The JEC supports the draft decision to continue the current price cap approach.

The JEC notes IPART’s decision to retain the existing approach to drought pricing. We maintain our position detailed in our response to the initial Pricing Proposal that the current approach to drought pricing is not in consumers’ best interests or well supported by consumers. We

recommend that Sydney Water devise a robust engagement process to address the question of drought pricing in advance of their 2030-35 pricing proposal.

4. Price Setting

4.1 Increasing usage costs

The JEC broadly accepts the draft decisions on pricing.

We highlight comments on affordability and price elasticity provided in response to the Hunter Water draft pricing proposal², and regard them as relevant considerations in the Sydney Water process.

We agree the Draft decision broadly reflect the expressed community preference for prices that are weighted towards usage, and we concur that it is generally preferable for costs to be recovered through charges over which consumers can exercise some control. However, there are significant implications for this decision for specific consumer cohorts, including large-households and tenants and we contend these implications must be addressed more broadly than this pricing process, including through a review of government assistance.

Increasing the proportion of usage charges is overall in-line with the preference of the community for a broad 'user pays' approach to water pricing. However, this preference does not negate or override consideration of the implications for large families and tenants. Tenants in particular experience a structural disadvantage in their inability to control the efficiency of their water fixtures and have little or no practical agency to resolve disputes, water leakages and other issues. The proposed pricing will result in significant increases to tenants' water bills, with a disproportionate impact given their inability to mitigate those increases. This is particularly important where it is already the case that tenants struggle to assert their legal rights (and limitations to their responsibility) under tenancy laws.

In this context the JEC reiterates our recommendation that a review of water arrangements and supports for tenants be undertaken to consider tenants responsibilities and rights, what they should be charged for, how best to support affordability for them, and how to ensure equality of access to information and assistance in accessing an essential services.

In the first instance, and most relevant to this process, more consideration must be given to targeted water affordability supports and assistance for renters. This should be in addition to reforms enabling a more robust direct relationship between water businesses and tenants.

JEC recommends that Hunter and Sydney Water be required to pursue measures to provide information and support to households (particularly tenants) to:

- Understand how to safely and healthily save water;
- understand the actual price savings of taking particular actions;

² The Justice and Equity Centre, 2025, [Submission to IPART's Draft Report for Hunter Water Pricing 25-30](#).

- access supports for households – rather than requiring households to self-advocate for assistance these measures should be provided more proactively; and
- have usage monitored with friendly communications to check in with households who are low users and/or who suddenly reduce their usage.

Further to this, Sydney Water (in the first instance) and the NSW government will need to consider measures to support large households and how rebates and supports work and could be better targeted.

As water costs escalate, and are increasingly recovered through usage costs, the impact on large families and renters must be considered and addressed. More people are renting and for longer periods of their lives, with a wider diversity in the demographics of renters, including an increasing number of older people renting at the end of their lives. Ensuring protections and supports are aligned with contemporary pricing approaches and impacts is an urgent priority.

4.2 Other pricing decisions

The JEC supports the draft decision on wastewater pricing.

The JEC supports the draft decision not to increase late payment and declined payment fees. However, – as detailed in our response to the initial pricing proposal - these fees are already high compared to other essential service providers. We further note the Australian Energy Market Commission’s decision to exempt disadvantaged and vulnerable consumers from charges of this nature in relation to energy bills, on the basis they contribute to further vulnerability.

We continue to encourage IPART to ensure these fees are robustly evidenced and generally as low as possible. We further recommend IPART consider recommendations to restrict the charging of fees for vulnerable consumers, following the practice now established in energy.

The JEC supports customers being serviced by the same utility being charged on a basis consistent with other customers. Therefore, if the Hawkesbury City Council customers are brought into Sydney Water, we support them being charged on the same basis as existing customers.

5. Enhanced affordability support measures for water

The JEC strongly supports IPART’s analysis and recommendations that water rebates should be provided to meet need and targeted to assist those most in need. We reiterate our support for IPART’s articulation of the principle that rebates and assistance should be provided statewide on a consistent basis, and that this requires development of objectives, principles and outcomes which are aligned across NSW.³

More immediately relevant to this process, we support IPART’s analysis that existing rebates and assistance measures could be improved to deliver more appropriate and effective affordability support for Sydney households. While a wider NSW Government review and reform of assistance and supports for water services is required to ensure all NSW households have consistent

³ IPART, 2025, [Draft Report: Sydney Water prices 2025-30](#), p.133

support for affordable access to water services, there are measures which can be taken by Sydney Water now.

In supporting enhanced affordability support measures for water, the JEC:

- Recommends upgraded assistance and supports be made consistently across NSW. This critical reform in the face of long-term changes in the structure and quantum of household water costs.
- Supports an approach any review of assistance and rebates – whether at a utility or Statewide level - which is grounded in robust and consistent principles.
- Recommends that assistance and supports be considered holistically, to ensure an integrated approach which optimises impact and minimises ‘gaps’. This should include ongoing supports according to fixed eligibility criteria (such as concessions and rebates for low-income households and pensioners), and assistance for specific circumstance and need (such as rebates, payment assistance and targeted efficiency programs for high-users, and others experiencing payment difficulty)

The JEC would welcome an opportunity to work with IPART, DCCEEW and water businesses and local water utilities to consider opportunities for comprehensive, statewide reforms in water assistance measures. At the very least, we see opportunities to ensure that

5.1.1 Principles for considering assistance and support

Principles to guide consideration of appropriate support (which are relevant for both Sydney Water and any wider review of support) should include:

- Support should be structured and targeted to respond to need – that is both eligibility and quantum of support it should be based on criteria which can meaningfully reflect and respond to that need. This would ideally also include a requirement for assistance to be provided proportionate to need (i.e. as a % of a bill).
- Assistance should embody key concepts of equity and should support equitable outcomes. This should ensure that people in the same circumstance get the same effective level of support. That is:
 - Equity of % support between tenants and owners
 - Equity of access to and % of support regardless of geographic location
 - Equity of % support regardless of usage (i.e. responding to need)
 - Equity of support according to ‘need’ (i.e. those in the same circumstances – such as pensioners – receive the same support expectations)
- Support should be agnostic of tenure – this would align with the principles we have outlined above – and ideally not rely on other relationships (such as between tenants and landlords) for delivery.
- Caution against a ‘no loser’ principle. Consistent application of assistance according to robust principles (and responding to ‘need’) may result in some people receiving less support, this

need not necessarily be avoided. Any ‘negative’ impact should be noted and considered for materiality.

- A broad alignment with incentives for **healthy conservation** and efficiency should be retained – but this should not be overstated or prioritised given the limitations. This should be a ‘second order’ principle, better framed in the negative ‘not undermine efforts to build and maintain healthy, efficient water usage behaviour’. A % based assistance would be consistent with this.
- Administrative simplicity and practicality should be optimised where they do not impact effectiveness. This is likely to be supported by ensuring robust, principles-based approaches to consistent assistance provision.
- Language used and the systems for accessing supports should be a neutral or ‘positive experience’ which maximises the likelihood of engagement by those who need assistance. Active attention should be paid to avoiding normative or shaming language.
- The general principle of ‘response in good faith’ should be applied to questions of eligibility and need. That is, evidence and other administrative or psychological burdens should not be a requirement for access to assistance.

5.1.2 Drawing on Low Income Household Energy Rebate (LIHER)

Provision of ongoing rebate-style assistance (by the NSW Government) should be expanded beyond the existing support for aged pensioners and made more consistently available across NSW. Aligning with provision of rebates in energy would be appropriate and involve a modest expansion of eligibility (with the LIHER applying to commonwealth pensioners, health care and low-income health care card holders).

We recommend against adopting the nomenclature (low-income household). ‘Water affordability assistance’ or other neutral/simple framing should be considered.

5.1.3 Options for Sydney Water to progress

Alongside a NSW government-led review of all NSW water assistance and support measures, there are opportunities for Sydney Water to augment and expand on its own programs – particularly in relation to more effective support for renters, large using families and others. The JEC encourages Sydney Water to look beyond existing programs and seek to develop new support and assistance programs. The following observations from our work in energy payment assistance may provide Sydney Water with fruitful foundations on which to expand their understanding of payment difficulty and the range of options available for Sydney Water to progress outside of any NSW government-led review.

- Our recent research report on disconnection/restriction and debt in energy and water⁴ found that issues and impacts in water largely mirror those in energy. We consider this to mean that

⁴ The Justice and Equity Centre, 2024, [Powerless: Debt and Disconnection](#)

the conclusions and recommendations regarding energy in this report are applicable to water. As costs in water increase, we expect issues in water affordability, and their impact on people, to more closely mirror those in energy.

- Restriction:
 - The JEC supports policy not to restrict Centrepay households who at least make some sort of payment – we strongly recommend this approach for all debts (i.e. – any ‘good faith response or payment should maintain support and prevent restriction action).
 - We note Hunter Water’s home visits program and support them as a great initiative. These should be considered for adoption by Sydney Water, with a policy to ensure a home visit before any steps to restrict or take legal action are taken.
- Ongoing assistance should be provided according to fixed eligibility criteria (that is where ‘need’ is assumed rather than demonstrated)
 - Existing pensioner support
 - Proposed alternative or expanded support aligned with energy rebates
 - Options to create an assistance measure based on fixed criteria related to the home or its fixtures (e.g. gas hot water heater conversion to efficient heat-pump in conjunction with other govt programs)
- Responsive assistance should also be provided according to need (that is where some indicator or consumer outcome identifies them as needing support)
 - PAS
 - Plumbing assistance
 - Options to create new ways to identify high-user families for supported water efficiency measures.

6. Performance and accountability

The JEC strongly supports Sydney Water developing and reporting against a robust framework of performance measures derived from and related to outcomes which are meaningful to consumers.

We broadly support the IPART guidelines on how these measures should be derived, but consider there are additional principles which should inform how the most relevant indicators for outcomes are determined, measured and reported on, including:

- They should be ‘objective’ measures, that is they should be comparable and assessable against previous results for Sydney Water as well as results for other providers. This means they should involve minimal aspects of subjectivity (such as perception, satisfaction). These are extremely contingent upon the perspective, experience and expectations which cannot be ‘equalised’ or adjusted for context.

- They should be clearly related to actual outcomes. That is, they should stand on their own as a tangible measure of the outcomes being experienced in the performance area, not perceptions of those outcomes. Similarly, they should be outcomes which are controllable by Sydney Water and able to be clearly linked to Sydney Water's actions.
- They should be related to 'improvement'. Targets should be distinguishable in that they encourage improved performance. Targets should ideally not involve 'maintaining' a status quo outcome or performance. The exception is where there is a qualitative difference in the circumstances in which that outcome is achieved – i.e. better performance with the same resources/inputs or the same/better performance with less or different resources.

This principle relates to fundamental consumer preferences and trade-offs that should be undertaken as part of engagement which shapes these outcomes – that is, if consumers prefer improved performance above a baseline, the measures should reflect this. If consumers are happy with performance but prefer a greater focus on efficiency, performance measures should be framed at measuring the maintenance of performance as costs are reduced or practices changed.

Where performance is related to 'meeting a minimum or a requirement' – that is, where it is a static performance measure, this should be clearly articulated and differentiated from other outcomes targets.

- Targets and performance measures should not relate to aspects which are already required by law or regulation unless they involve setting a level of performance in excess of what is required by law or regulation. For example, water quality performance and targets should not relate to compliance with drinking water standards where this is a requirement and a condition of the licence. A water quality performance related to standards may be setting a target above performance acceptable or specifically targeting areas where non-performance may exist.

A comprehensive framework of performance and outcome measures and indicators should also include reporting on regulated or required areas of performance (indeed we encourage businesses to report consistently in a consolidated, publicly accessible form) they should not be regarded as performance measures developed for the specific purpose of reporting to the community on delivery of performance against the pricing proposal. They should be clearly differentiated as performance against 'requirements' so that any 'failure' is correctly recognised as not meeting an obligation (rather than being unsuccessful in a meeting a target)

6.1 Consistency in reporting across water utilities

The JEC recognises that there are a range of core metrics and outcomes which are, or should be, consistent across water utilities in NSW.

We encourage IPART to, as much as possible, identify 'base' metrics which might be consistent across Sydney Water and Hunter Water, in the first instance. These may be supplemented by 'identified' metrics which may be bespoke to the individual utility (i.e. where there are specific

initiatives or commitments that need to be tracked, or where there are specific circumstances to monitor).

While a consistent reporting framework across the state will require broader reforms beyond this proposal process, there is scope to take important steps towards that by requiring both Sydney Water and Hunter Water to adopt consistent principles and include a core set of reporting measures which are relevant broadly (such as quality, etc).

6.2 Improving performance measures and targets

The JEC broadly supports IPART's Draft Decision 35 to accept Sydney Water's performance outcomes, measures and targets with some modifications. Table 11.1 in the Draft broadly represents the priority performance outcome areas expressed by the community through the pricing proposal engagement, and against which performance should be reported.

We recommend modifications should be considered, though we note that evolution of performance targets and reporting should be considered as 'iterative' and an area of constant evolution. Our comments should be considered in this context, and we recommend IPART encourage Sydney Water to evolve their approach to performance reporting during the coming pricing period.

Fair and affordable bills

The single measure included in the draft is not robust and does not sufficiently capture the range of fairness and affordability consideration for water services – particularly for a pricing period that will see significant bill increases.

We recommend focusing on measures that track how well Sydney Water is supporting the community to afford water and where there are clear indications that issues with affordability are occurring. Ideally these outcome measures should be consistent, regulated reporting requirements that cover all water utilities in NSW. In absence of these, IPART can (and should) require Sydney Water (and Hunter Water) to report on consistent affordability measures and outcomes such as:

- The median, average and range of water related debts (generally, and for those in support/assistance programs)
- Number of customers with accumulated arrears/debt (by age – 30/60/90/90+ days)
- Number of restrictions due to non-payment
- Number of customers in payment support programs
- Numbers of customers who exited customer support programs 'successfully'
- PAS and other assistance provided (in number of customers and total \$)

Positive customer experience and informed and empowered customers

The JEC recommends combining the "Positive customer experience" and "informed and empowered customers" outcome areas, as there will likely be considerable overlap in meaningful measures and targets for these outcomes.

Regarding customer experience, 'satisfaction', if used, must be augmented by actual objective outcome measures, as satisfaction measured through surveys is subjective and subject to a

range of ‘qualifiers’ which limit its value and comparability. We recommend more meaningful measure include tracking performance on:

- Internal complaints (by type);
- EWON complaints (by type);
- Time taken to resolve complaints and service issues;
- Call wait times;

Similarly regarding ‘informed and empowered customers’, surveys do not represent a meaningful measure on their own. More meaningful measures and targets are required, including:

- engagements on water literacy with the community,
- support for community water literacy projects and priorities (in \$ or number).

6.3 Financial incentive schemes

The JEC maintains our concerns with the Outcome Delivery Incentive (ODI) on leakage.

We are not confident in the consumer understanding of the issue during its discussion in the consumer engagement process. We are still concerned it is not a meaningful measure because its’ construction effectively involves no likely reward or penalty. We consider it vital that ODIs be meaningful and drive actual measurable performance improvement against targeted issues. In this case Sydney Water performance is already poor, and with a wide (and symmetrical) deadband, we question what value of this measure has in the period, given Sydney Water could continue to perform ‘poorly’ with no penalty.

In the final determination the JEC seeks further clarify and consideration from IPART on whether the mechanism should be non-symmetrical – i.e. provide less of a deadband on the ‘downside’ so that failure has a smaller margin – and whether the mechanism should commence with an assumed penalty until Sydney Water achieves the ‘base’ performance.

The final determination should provide a meaningful incentive for Sydney Water to address this performance issue – which the community strongly asserted as a high priority. The Draft Decision does not appear to provide any discernible risk of failure to Sydney Water to incentivise their action to meet the community’s expectation.

The JEC broadly agrees with applying the CESS and ESS without carveouts.

7. Continued engagement

The JEC welcomes the opportunity to discuss these matters further with IPART, Sydney Water or other stakeholders.