

Hunter Water Operating Licence Review Summary of stakeholder submissions to Issues Paper - Information Paper 4

25 February 2022

In this Information Paper, we have summarised the submissions we received from Hunter Water, DPE, EWON, PIAC, Sydney Water and 3 individual anonymous submissions in response to our Issues Paper. These submissions informed our draft recommendations for the Hunter Water licence package.

The following symbols indicate the stakeholders' positions:





















-  Support our preliminary views or has minor amendments
-  Disagree with our preliminary view
-  Support our preliminary views but proposes alternative approach OR has a view on an issue where IPART did not take a preliminary view
-  Have not provided a view.







Table 1 Submission summary to Hunter Water Operating Licence Issues Review Issues Paper





#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
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 eHealth?	<p>Hunter Water</p> <p> Hunter Water supports retaining requirements in the Licence for a Drinking Water Quality Management System (DWQMS) and a Recycled Water Quality Management System (RWQMS). Hunter Water supports clarifying that it must comply with NSW Health's written requirements, providing that the Licence allows that these requirements are "reasonable". Hunter Water has requested that the Licence should clarify whether this part of the Licence relates only to water quality requirements or whether it more generally captures any health-based requirement</p>	<p>NSW Government</p> <p> NSW Health supports retaining requirements for a DWQMS and a RWQMS. NSW Health notes IPART's intent to retain "<i>clauses 3.1 and 3.2 that allow Hunter Water to depart from the ADWG/AGWR in some circumstances</i>". The intent of this clause is to allow for additional requirements to be specified by NSW Health, rather than a departure from the ADWG/AGWR. NSW Health suggests that the clauses be reworded for clarity of intent and consistency with the Sydney Water Operating Licence.</p> <p>Anonymous</p> <p> The submission supports retaining the current drinking water and recycled water quality management Licence conditions, with an explicit Licence condition to comply with requirements from NSW Health.</p> <p>PIAC</p> <p> PIAC strongly supports retaining the current drinking water and recycled water quality management conditions, including an explicit condition to comply with any requirement specified by NSW Health.</p> <p>Sydney Water</p> <p> Sydney Water supports Licence requirements for drinking and recycled water management systems and the compliance of those systems with any other requirements specified by NSW Health.</p>	<p>We recommend retaining the current operating licence conditions for a Drinking Water Quality Management System (DWQMS) consistent with the Australian Drinking Water Guidelines (ADWG), and a Recycled Water Quality Management System (RWQMS) consistent with the Australian Guidelines Water Recycling (AGWR).</p> <p>We recommend clarifying in the Licence that NSW Health can specify additional health-based requirements to the ADWG/AGWR, when requested in writing.</p>





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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?	<p>Hunter Water</p>  Hunter Water has stated that it is not aware of an alternative standard that is of equivalent standing or applicability (to the ADWG or AGWR) that could help Hunter Water provide the required outcomes more cost-effectively.	<p>NSW Government</p>  NSW Health supports maintaining the current requirements to comply with the Australian Drinking Water Guidelines (ADWG) and the Australian Guidelines for Water Recycling (AGWR) as minimum standards. NSW Health notes that the ADWG and AGWR are the NSW Government endorsed water quality guidance in NSW to ensure health and environmental outcomes. NSW Health does not support using alternative water quality standards.	<p>We do not recommend specifying alternative water quality standards in the Licence.</p>
			<p>NSW Health does not support setting health-based standards based on customers' willingness to pay. It considers that the ADWG and the AGWR should be the minimum standards. It states that if system performance standards were set based on customers' willingness to pay, there is potential that different standards may be applied for different areas</p>	
			<p>Sydney Water</p>  Sydney Water has stated that it does not know of an alternative water quality standard to the ADWG or AGWR that would be more appropriate, or more cost-effective, in ensuring the protection of public health, and the environment in the case of AGWR.	
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 (Fluoridation Code)?	<p>Hunter Water</p>  Hunter Water does not support including a new requirement in the Licence to comply with the NSW Fluoridation Code. Hunter Water already complies with the elements of the Fluoridation Code, as required under the <i>Fluoridation of Public Water Supplies Regulation 2017</i> (Fluoridation Regulation). Further, Hunter Water submits a monthly report on fluoridation monitoring to NSW Health under the Fluoridation Code and the Hunter Water Reporting Manual.	<p>NSW Government</p>  NSW Health supports requirements for fluoridation in the Licence. NSW Health considers the Licence to be the most appropriate mechanism to set out key government requirements of public interest in a succinct and accessible form.	<p>We do not recommend a new Licence condition for compliance with the Fluoridation Code. Such a requirement would duplicate the Fluoridation Regulation without providing additional benefit.</p>







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		<p>As the main benefit of including a Licence condition on fluoridation is for auditing purposes, Hunter Water has suggested that its fluoridation performance can be audited when we audit the Drinking WQMS generally. Given that we would audit how Hunter Water has implemented the Drinking WQMS and how Hunter Water carries out its activities to the satisfaction of NSW Health.</p>	<p>Sydney Water</p> <p> Sydney Water has not expressed an opinion on whether a new requirement for complying with the Fluoridation Code should be included in the Hunter Water Licence. Instead, it has provided an overview of the costs and benefits of having a similar clause in the Sydney Water Operating Licence.</p> <p>The main benefit of having a requirement to comply with the Fluoridation Code in the Sydney Water Operating Licence is that it reiterates Sydney Water's commitment to the fluoridation of the water supply. It provides assurance to the public that Sydney Water is meeting its obligations under the <i>Fluoridation of Public Water Supplies Act 1957</i> (NSW).</p> <p>The main cost is additional auditing costs. In Sydney Water's experience, this means that fluoridation is audited under both the drinking water quality management system and the Fluoridation Code clauses in the Operating Licence. This means that one non-compliance can result in breaches of two Licence clauses.</p>	<p>We can monitor Hunter Water's fluoridation monitoring through its periodic reporting. We therefore recommend retaining reporting requirements for fluoridation monitoring. We can also audit Hunter Water's fluoridation performance when we audit Hunter Water's DWQMS if necessary. As Sydney Water states, this avoids auditing the same matter under 2 separate Licence clauses.</p>
4	<p>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?</p>	<p>Hunter Water</p> <p> Hunter Water's preliminary position is based on its Part 1 submission only. Its preliminary position is to retain four of the five standards from the existing Licence. It proposes to retire 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.</p>	<p>NSW Government</p> <p> DPE considers that current performance indicators in the Licence are quite limited and warrant further consideration to reflect contemporary government policy, as well as customer expectations and their willingness to pay for higher levels of performance. In general, DPE supports a set of performance standards that will ensure a minimum level of service, but that also allow Hunter Water the flexibility and innovation to improve their performance in line with customer views and their willingness to pay. DPE identified future work that will be done to help lift sector-wide performance, consistent performance indicators and benchmarks to support meaningful comparative analysis of water utility performance.</p>	<p>We recommend retaining 4 of 5 of the current system performance standards (and the service levels that they impose) for water continuity, water pressure and dry weather wastewater overflows.</p> <p>We recommend removing one of the current water continuity standards for multiple short unplanned service interruptions. In the absence of a Licence performance standard, Hunter Water would achieve the same outcomes by basing its asset management decisions on the cost of repair compared with the cost of replacement.</p> <p>We also recommend that the retained standards should be expressed as proportional limits.</p>





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		<p>Hunter Water does not support optimal levels of service specified in the Licence and identify several shortcomings of the concept. Hunter Water considers that optimisation modelling simplifications may result in unintended consequences such as levels that do not reflect real-world conditions (e.g. factors outside Hunter Water's control like weather). Yet they could expose Hunter Water to severe enforcement actions.</p>	<p>The NSW Government will soon issue a Statement of Expectations that will communicate desired policy objectives to water SOCs to ensure their strategic direction aligns with government priorities. DPE does not anticipate changes to the operating licence are required.</p> <p>Anonymous</p> <p> The considers that system performance standards should be optimised in the Licence.</p> <p>PIAC</p> <p> PIAC considers that the system performance standards should be optimised as the current standards do not encourage performance improvement. PIAC considers that the standards should be updated as follows: they should be reframed to be proportional limits instead of absolute numbers to account for customer growth and encourage improved performance. they should include a tolerance band – from minimum standards up to 'optimal'.</p> <p>Sydney Water</p> <p> Sydney Water supports Hunter Water's preference for performance standards to reflect a minimum level of performance to protect consumers.</p> <p>Unlike PIAC, it does not support optimising the standards in the Licence. Sydney Water considers that delivery of service levels above minimum standards should be agreed with customers via the price reviews.</p> <p>Like PIAC, Sydney Water considers that the system performance standards should be expressed as proportional limits instead of absolute thresholds.</p>	<p>We do not recommend optimising the standards. As Hunter Water and Sydney Water have stated, we consider that incentivising performance is better achieved through pricing mechanisms. Pricing mechanisms are more flexible than the Licence which focuses on enforcement. We recommend that the operating licences should continue to focus on minimum standards.</p> <p>The operating licence does not inhibit Hunter Water from performing better than the prescribed standard, if Hunter Water chooses to invest accordingly, in line with customers' preferences. Indeed, Hunter Water's historical performance shows that it does perform above the prescribed minimum standard.</p>









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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?	<p>Hunter Water</p> <p> Hunter Water does not support including other standards in the Licence. Hunter Water agrees with IPART's proposal in the Regulation Review Discussion Paper 3 that service levels and customer outcomes are best addressed through the pricing process. Hunter Water considers the Licence a rigid construct which may not be the best way to hold them to account for delivering service outcomes that customers' value. Hunter Water prefers performance standards for a small subset 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 (as in the existing Licence).</p>	<p>NSW Government</p> <p> Looking to the future, DPE will seek to work with IPART and water utilities to develop consistent performance indicators and benchmarks that can support meaningful comparative analysis of water utility performance. This work is in its early stages and is not expected to influence this licence review. NSW Health notes that if system performance standards were set based on customers' willingness to pay, there is potential that different standards may be applied for different areas, which could have undesirable/unintended consequences.</p> <p>Anonymous</p> <p> The submission seeks a minimum standard for daily water supply/availability to customers. It notes that the Lower Hunter Water Plan states (on page 38) "Hunter Water will meet the community's water supply needs under all climatic conditions, including minimum supply requirements during a long and severe drought".</p> <p>Anonymous</p> <p> This submission seeks a minimum standard that addresses adequacy of water supply.</p>	<p>We do not recommend any new system performance standards for service interruptions.</p> <p>We understand that the anonymous individual submissions are seeking minimum standards for the daily volume of water available to customers/adequacy of supply. This is different to the current water continuity standard which focuses on minimising service interruptions. We consider that the water conservation and efficiency conditions in the Licence adequately address water availability as they focus on water conservation and efficiency. At this stage, we do not propose to include a specific system performance standard about adequacy of supply.</p>
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:	<p>Hunter Water</p> <p> Hunter Water supports the Licence requirement to maintain an MoU, and 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 DPE policy or guidance on integrated water cycle management arrangements for annual reporting against new MERI (Monitoring, Evaluation, Reporting and Improvement) requirements</p>	<p>NSW Government</p> <p> DPE supports retaining the current operating licence condition requiring Hunter Water to calculate system yield in accordance with the Memorandum of Understanding (MoU) with DPE or using a reasonable methodology. DPE has advised that it intends to update the MoU following the finalisation of the Lower Hunter Water Security Plan in 2022. This review will include defining the methodology for system yield so that there is alignment with the LHWSP approach of increasing resilience by moving towards a minimum level of enduring supply.</p>	<p>We recommend retaining the current operating licence condition that requires Hunter Water to calculate the System Yield in accordance with the MoU with DPE. We consider that this continues to be a flexible and appropriate way of requiring the system yield calculation.</p> <p>We do not recommend including additional prescription in the Licence clause. We understand that Hunter Water is already considering the impacts of climate change in its system yield calculations and DPE's updates to the calculation methodology is the appropriate way to address this issue.</p>






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	Retaining requirements to calculate the system yield?	data sharing arrangements between the agencies defining a system yield methodology	<p>PIAC</p> <p> PIAC strongly supports including requirements to calculate the system yield. PIAC considers that the Licence clause should require a 'sustainable system yield' calculation that is updated to account for the impacts of climate change.</p>	
	Focusing on maintaining and implementing the water conservation program?	<p>Hunter Water</p> <p> Hunter Water supports our preliminary position to focus on maintaining and implementing water conservation consistent with the 2018 water conservation strategy and 2019 water conservation work program.</p>	<p>NSW Government</p> <p> To enable Government, water utilities and the NSW community to use water more efficiently, the NSW Water Strategy commits to the development of a state-wide Water Efficiency Framework and Program. DPE proposes to replace the current requirement in the Licence for a Water Conservation Strategy with a requirement to develop and publish a 5-year Water Efficiency Plan. The 5-year Water Efficiency Plan will incorporate the Government's strategic objectives as stated in relevant NSW Government strategies such as the NSW Water Strategy and the Lower Hunter Water Security Plan.</p> <p>PIAC</p> <p> PIAC strongly supports the Licence requiring Hunter Water to focus on maintaining and implementing the water conservation program, referring to the recently released Draft Lower Hunter Water Security Plan. PIAC recommends that we should consider recommending changes to these Licence conditions to refer to the conservation targets and programs identified in the LWHSP.</p>	<p>We recommend conditions in the draft Licence that require Hunter Water to implement the water conservation work program(s) it developed under the current operating licence during the 2017-2022 operating licence period. We also recommend Licence conditions allowing Hunter Water time to develop and implement a 5-year Water Efficiency Plan after the NSW Government's Water Efficiency Framework and Program have been approved. During that time, Hunter Water will continue to implement its current water conservation work program(s), but these will be replaced by the 5-year Water Efficiency Plan once ready (i.e. the Licence allows a transitional period).</p> <p>We have considered PIAC's suggestion to refer to the conservation targets and programs identified in the Lower Hunter Water Security Plan. However, we consider that overly prescriptive for the Licence. As a general principle, we aim to recommend outcome-focused Licence conditions. We have therefore recommended Licence conditions for implementing the Lower Hunter Water Security Plan through the MoU with DPE. The MoU is a more flexible instrument that can be updated as required and it recognises the roles and responsibilities of both Hunter Water and DPE.</p>






#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>Sydney Water</p> <p> Sydney Water notes that it is important that Hunter Water's Licence obligations are aligned with broader Government policy, any potential changes to the ELWC methodology and the proposed Water Efficiency Framework. However, Sydney Water cautions that it is important that utilities be given autonomy and the responsibility to develop their own water conservation strategies and programs, rather than having specific directions or actions prescribed by Government policy.</p>	
	Continuing to not require an economic approach to water conservation?	<p>Hunter Water</p> <p> Hunter Water is not aware of any additional water conservation activities that would be suitable to assessment under the economic method.</p>	<p>NSW Government</p> <p> The Water Efficiency Framework and Program will consider the total water cycle (from water supply through to wastewater treatment and reuse or discharge to oceans and waterways). The scope of the Water Efficiency Plan should include water efficiency considerations from catchment to tap.</p> <p>PIAC</p> <p> Considering the identified role of conservation in the Lower Hunter Water Security Plan and the issues identified by IPART, PIAC agrees it is not necessary to require an economic approach to water conservation in this aspect of Hunter Water's operations.</p>	We do not recommend requiring an economic approach to water conservation for water storage and transmission (upstream of water treatment) in the Licence.






#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
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:	<p>Hunter Water</p>  Hunter Water supports the requirement to implement its economic approach to water conservation.	<p>NSW Government</p>  DPE supports retaining obligations for water efficiency in the Licence and views that these will support Hunter Water in the further delivery of programs under the Lower Hunter Water Security Plan. DPE seeks to work with IPART and Hunter Water to ensure that the outcomes sought through the review of the ELWC approach and through development of the draft NSW Government Water Efficiency Framework are achieved.	As above, we recommend Licence conditions requiring Hunter Water to implement its current water conservation programs which will be replaced by the 5-year Water Efficiency Plan when it is ready to be implemented.
	Requirements to maintain a water conservation work program and implement water conservation measures?	<p>Hunter Water</p>  Hunter Water supports the requirement to maintain a water conservation work program.	<p>NSW Government</p>  Proposed changes include a new requirement to develop and publish a five-year Water Efficiency Plan which incorporates Government's strategic objectives as stated in relevant NSW Government strategies including the NSW Water Strategy and the Lower Hunter Water Security Plan.	As above, we recommend Licence conditions requiring Hunter Water to implement its current water conservation programs which will be replaced by the 5-year Water Efficiency Plan when it is ready to be implemented.
			<p>PIAC</p>  PIAC strongly supports including Licence requirements to maintain a water conservation work program and implement water conservation measures.	
			<p>Sydney Water</p>  Sydney Water has stated that it is important that Hunter Water's Licence obligations in this area are aligned with broader Government policy (e.g. DPE's ELWC methodology and the proposed Water Efficiency Framework). However, it is also important that utilities be given autonomy and the responsibility to develop their own water conservation strategies and programs, rather than having specific directions or actions prescribed by Government policy.	We acknowledge Sydney Water's comments and as stated above, we consider that it may not be appropriate to prescribe the water conservation targets and programs that Hunter Water should implement in the Licence. Instead, Hunter Water should continue to have flexibility to determine the appropriate water conservation measures, potentially together with DPE (through the MoU) to implement the Lower Hunter Water Security Plan.





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	A requirement for the water conservation work program/measures to be consistent with an appropriate economic method?	<p>Hunter Water</p> <p> Hunter Water supports a requirement to assess water efficiency programs and measures against an economic method.</p>	<p>NSW Government</p> <p> The draft NSW Government Water Efficiency Framework will outline an approach for economic assessment of water efficiency projects that moves beyond the current ELWC approach: it will recommend that utilities incorporate analysis of qualitative considerations including strategic objectives, key drivers and enablers. This would inform and complement quantitative economic assessments undertaken. Moving forward, DPE considers that strategic economic assessment and reporting on the value of water and need for augmentation (vs. deferral) should be linked to program and project level assessment of economic efficiency through a water efficiency assessment approach.</p> <p>PIAC</p> <p> An assessment of the economic efficiency of conservation work should be required.</p> <p>Sydney Water</p> <p> Sydney Water has stated that ongoing investment in research and development (R&D) and data/analytics capability is needed so that the water conservation program continues to improve, grow and adapt. It can be challenging to assess R&D and data/analytics initiatives against an economic method such as the ELWC when there is uncertainty around water saving potential and market attractiveness. Finally, even though a program may be assessed as economic, there could be other barriers to entry. Sydney water also supports Hunter Water's comments regarding funding challenges.</p>	As above, we recommend Licence conditions requiring Hunter Water to implement its current water conservation programs which will be replaced by the 5-year Water Efficiency Plan when it is ready to be implemented.






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	<p>Publishing requirements for the economic method used and the current level of water conservation?</p>	<p>Hunter Water</p> <p> Hunter Water supports the requirement to publish a copy of the economic method on its website but does not support publishing the economic 'level' of water conservation. It supports using an assessment method to measure and describe the benefits and costs of water efficiency programs. It believes that reporting a specific level may be misleading or unhelpful, particularly during drought periods.</p>	<p>NSW Government</p> <p> Proposed changes include a new requirement to develop and publish a five-year Water Efficiency Plan which incorporates Government's strategic objectives as stated in relevant NSW Government strategies including the NSW Water Strategy and the Lower Hunter Water Security Plan.</p> <p>PIAC</p> <p> Performance against targets for water conservation should be published. This should be a requirement in the Licence conditions.</p>	<p>As above, we recommend Licence conditions requiring Hunter Water to implement its current water conservation programs which will be replaced by the 5-year Water Efficiency Plan when it is ready to be implemented.</p> <p>This would include a new condition requiring Hunter Water to publish the economic method used, as well as the other changes discussed in the draft Report. We agree with Hunter Water's concerns with publishing the current level of water conservation and agree with its assessment that this may be misleading information for the public. We have therefore not recommended such requirements in the draft Licence.</p>
	<p>Requirements for Hunter Water to periodically review its economic level of water conservation?</p>	<p>Hunter Water</p> <p> Hunter Water supports a requirement to periodically review its economic level of water conservation method to ensure currency.</p>	<p>NSW Government</p> <p> DPE did not comment on periodic review of the ELWC.</p> <p>PIAC</p> <p> Hunter Water should be required to periodically assess its processes for determining the most effective and efficient means of implementing water conservation.</p>	<p>As above, we recommend Licence conditions requiring Hunter Water to implement its current water conservation programs which will be replaced by the 5-year Water Efficiency Plan when it is ready to be implemented.</p>
	<p>Requirements allowing the Minister to direct Hunter Water to revise the methodology at any time and for the Minister to approve the revised methodology?</p>	<p>Hunter Water</p> <p> Hunter Water supports the requirement to allow the Minister to require a review and approve a revised methodology.</p>	<p>NSW Government</p> <p> DPE considers a clause should be included in the Licence to allow the Minister to direct Hunter Water to revise its methodology at any time as needed to reflect the government's direction. It also seeks a Licence condition that requires the Minister's approval for the revised methodology before Hunter Water implements it. DPE seeks to include the approach to conducting economic analysis for water efficiency in the reporting manual.</p>	<p>We recommend that the Licence should allow Hunter Water to use a different economic method than the ELWC, as this allows Hunter Water the flexibility to consider alternative approaches if appropriate.</p>









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			<p>PIAC</p> <p> PIAC does not consider it appropriate for the Minister to have discretion to direct Hunter Water to change its assessment of conservation efficiency or approve a changed approach. Assessment of the approach to conservation should be undertaken through a transparent, independent process subject to community and stakeholder input.</p>	<p>We have proposed that the Minister be allowed to direct Hunter Water to revise its methodology to reflect the government's direction, as suggested by DPE. However, we acknowledge PIAC's concerns. We have therefore proposed that Hunter Water can also seek changes to the methodology that it considers appropriate/necessary. This allowance is currently not available in the Sydney Water operating licence. Hunter Water can assess the needs and views of the community when it seeks changes.</p>
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?	<p>Hunter Water</p> <p> Hunter Water largely supports the Licence requirements outlined in response to question 7. The Draft Lower Hunter Water Security Plan includes a strong focus on water conservation work, and DPE is developing a state-wide Water Efficiency Framework.</p> <p>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.</p>	<p>NSW Government</p> <p> See previous discussion</p> <p>PIAC</p> <p> PIAC reiterates its support for conservation to be regarded as an integral part of long-term water planning. IPART should support the setting of long-term sustainable system yield and minimum acceptable demand targets for Hunter Water. Licence requirements should ensure Hunter Water commits to these targets, periodically re-assesses them, and demonstrates how they are implemented efficiently, as a sustainable response to the community's needs.</p> <p>Sydney Water</p> <p> Where water planning conditions are added to an operating licence, there is value in aligning those conditions with the current urban water policy direction and processes in a utility's broader operating environment. However, it is also important to consider the practicality of auditing licence conditions in this area.</p>	<p>We recommend conditions for implementing the current water conservation work program(s) and for revising these when the 5-year Water Efficiency Plan is ready for implementation. We also propose some new conditions for publishing the current economic methodology and allowing the Minister to direct Hunter Water to make changes to the methodology. Hunter Water can also seek to make changes.</p>










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9	Should Licence conditions or reporting requirements be imposed on Hunter Water regarding customer billing? If so, what form should these take?	<p>Hunter Water</p> <p> Hunter Water considers that new Licence conditions and/or reporting obligations are not necessary for customer billing. Hunter Water has implemented new systems and operational practices that enable improved validation of usage and billing information which it considers has contributed to the decrease in customer billing complaints received in 2020-21. Hunter Water has further initiatives planned in 2021-22 for greater performance improvement. These changes are driven by Hunter Water's own observation of customer billing complaints.</p>	<p>EWON</p> <p> EWON has not provided a view on any Licence requirements for customer billing but has stated that reviewing bill format may assist in the reduction of billing complaints. Further, EWON advised that the Australian Energy Regulator (AER) recently completed customer research about what customers want to see on their bills that may assist in determining Licence requirements for customer billing. EWON notes that of the 64 complaints received about Hunter Water in 2020-21, 42% related to billing.</p> <p>Sydney Water</p> <p> Sydney Water has not provided a view on any Licence requirements for customer billing, but we understand from its submission that Sydney Water is not fully supportive of new requirements for customer billing. Sydney Water has commented that reporting of billing complaints numbers, without context, can be flawed and is not an effective indicator of declining performance or customer satisfaction. Sydney Water considers that Hunter Water's complaint information is appropriately reported in its Annual Report.</p>	<p>We do not recommend new Licence conditions or reporting requirements for customer billing. We note the research that AER has been undertaking to develop a guideline for better customer billing. However, we consider that prescriptive Licence conditions are not necessary at this stage.</p> <p>Hunter Water estimates that customer billing complaints may have been related to accuracy. Hunter Water has implemented new systems and operational practices that enable improved validation of usage and billing information which it considers has contributed to the decrease in customer billing complaints received in 2020-21. Hunter Water has further initiatives planned in 2021-22 for greater performance improvement.</p> <p>If Hunter Water's performance does not improve over the next (2022-2027) Licence period despite these new initiatives, we can consider whether customer billing requirements are appropriate in the next end-of-term Licence review.</p>
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?	<p>Hunter Water</p> <p> Hunter Water supports removing the requirement in the Licence for Hunter Water to provide us notice of changes to the Customer Contract (prior to publishing a notice of its proposed changes).</p>	<p>Anonymous</p> <p> The submission does not support removing this Licence requirement. The submission states that any proposed change to the Customer Contract should be justified that with evidence the customer will not be disadvantaged by the proposed change.</p>	<p>We recommend removing the current operating licence requirement for Hunter Water to provide us prior notice of changes to the Customer Contract before publishing the notice should be removed. Removing this Licence condition will not remove the requirement for Hunter Water to publish a notice about changes it proposes to make as this remains a requirement of section 38 of the Act. We consider that customers are adequately protected by the Act's requirement and removing the Licence condition will reduce some administrative burden on both Hunter Water and us.</p>






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11	Regarding the Customer Contract: Are the rebates in the current contract well targeted and set at the right levels?	<p>Hunter Water</p>  Hunter Water's view is that rebates for service level deficiencies should be retained in the Customer Contract, but they should be better aligned with customer views and preferences. Hunter Water has proposed that rebates for events that cause inconvenience to customers are set at a level proportionate with the extent of inconvenience. Details of the proposed rebates are included in Hunter Water's proposed Customer Contract	<p>Anonymous</p>  The rebates in some circumstances are inappropriate. Unplanned interruptions to water service rebate the customer for up to 3 interruptions in a financial year but no rebate for subsequent interruptions. The same for dry weather wastewater overflows on the customer's property. There should be ongoing rebates for further interruptions.	<p>We recommend accepting Hunter Water's proposed changes to rebates in the Customer Contract.</p> <p>We agree with Hunter Water's proposal to continue linking rebate levels to water usage charges in the 2022-2027 Customer Contract. Service level rebates are issued to approximately 10,000 customers per year (Hunter Water has approximately 600,000 customers) at an average cost of \$500,000. The proposed changes are estimated to result in a 50% increase in average annual cost of rebates.</p>
		<p>EWON</p>  During the 2019 IPART Review of the Sydney Water Operating Licence, Sydney Water proposed to undertake research to increase rebates in line with CPI adjustments. EWON would welcome this approach being reflected in Hunter Water's rebates.		
		<p>PIAC</p>  IPART should ensure the rebates in the current Customer Contract reflect the preferences of the community and require evidence they have been set and tested through meaningful engagement with the community. If this cannot be demonstrated, IPART should direct Hunter Water to undertake comprehensive engagement in the lead up to the next Licence review. In the interim, the level, type and scope of rebates should be benchmarked against those available to Sydney Water customers.		
			<p>Sydney Water</p>  Sydney Water has not provided an opinion on Hunter Water's suggested rebates but has stated that there does not need to be consistency between Sydney Water and Hunter Water. It notes that there is a large range of variability across Australian utilities on the level of rebates provided to customers.	



#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
	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)?	<p>Hunter Water</p>  <p>Hunter Water considers that consumers are already adequately covered by the provision of the Customer Contract that are of most direct impact to the: rebates, redress, damage and complaint handling.</p>	<p>Anonymous</p>  <p>The submission was supportive. We understand that the submission generally supports the concept of extending relevant provisions of the Customer Contract to consumers, but it has not provided further detail.</p> <p>EWON</p>  <p>EWON supports the current provisions in Clause 5.2.1 of Hunter Water's licence and is of the view that they should continue to apply for all consumers. All consumers should be afforded the same protections available to customers under the Customer Contract, as seeking redress under the Customer Contract is simpler and cheaper than pursuing redress under common law.</p> <p>PIAC</p>  <p>PIAC supports the extension of the Customer Contract to recognise tenants and occupants who are not the owners of the property. Given that these consumers often pay for using Hunter Water's services, they are effectively acting as 'customers'. PIAC considers that Hunter Water should be required to investigate (through appropriate consumer engagement) how its systems and processes can better support more effective, direct relationships with residential tenants.</p>	<p>We recommend retaining in the Licence that the following provisions of the Customer Contract must continue to be extended to 'consumers' that are not parties to the Customer Contract (e.g. tenants, as Hunter Water is in contract with the landlord):</p> <ol style="list-style-type: none"> 1. complaint handling and complaint resolution procedures (clause 17 of the current 2017-2022 Customer Contract), and 2. redress (clause 16). <p>In addition, we consider that the following protections in the Customer Contract should also be extended to consumers:</p> <ol style="list-style-type: none"> 1. About the Customer Contract (clause 2), 2. What Customers pay (clause 9), 3. Payment difficulties and assistance options (clause 10), 4. Restriction or disconnection of services (to the extent that this applies to consumers, clause 11) 5. Customer consultation and privacy (clause 19) <p>In light of PIAC's feedback, we have also proposed some new Licence conditions requiring Hunter Water to undertake customer consultation for stakeholder feedback. One of these new requirements is to consult with customers (and consumers) to understand how Hunter Water's systems and processes can better support more effective, direct relationships with consumers, including residential tenants.</p>









#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
	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)?	<p>Hunter Water</p>  Hunter Water is interested in stakeholder views on its proposed changes to the Customer Contract.	<p>Anonymous</p>  The submission considers that Hunter Water's proposed changes are significant but difficult to understand. The submission seeks that the proposed changes are rejected and that we request Hunter Water to re-submit it in a more reader-friendly format with an extension of time for review and submissions. <p>EWON</p>  EWON supports Hunter Water's proposed changes to the Customer Contract.	<p>We have recommended changes to the Customer Contract that, for the large part, support Hunter Water's proposed changes provided on 8 November 2021. For the most part, Hunter Water's changes were minor and will provide greater clarity.</p> <p>We have provided a summary of our proposed changes to the Customer Contract in Information Paper 3.</p> <p>While we acknowledge that the format in which Hunter Water presented its proposed changes may not be easy to use for some readers, we consider that it is not reasonable to expect Hunter Water to release its proposed changes in a different format for additional consultation. Further, it would impact significantly on the licence review's timeline. Stakeholders have another opportunity to consider the proposed changes to the Customer Contract with this draft Licence package.</p>
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?	<p>Hunter Water</p>  Hunter Water supports retaining this Licence condition as a customer protection measure.	<p>PIAC</p>  PIAC supports retaining the current operating licence condition.	<p>We recommend retaining the current operating licence requirement for Hunter Water to make services available to properties in its area of operations. (on request).</p>





#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
	Retaining the existing condition to maintain and implement policies and procedures for assisting customers facing payment difficulties?	<p>Hunter Water</p> <p> Hunter Water does not oppose a Licence requirement to provide these services but notes that it would continue to provide them in the absence of Licence requirement.</p>	<p>Anonymous</p> <p> The submission supports retaining the existing condition to maintain and implement policies and procedures for assisting customers facing payment difficulties.</p> <p>PIAC</p> <p> PIAC supports retaining the current operating licence condition and recommends that we consider including further guidance to Hunter Water regarding principles that should shape these policies and procedures.</p>	<p>We recommend retaining the current operating licence requirement to maintain and implement policies and procedures for assisting customers facing payment difficulties.</p> <p>As we have not been made aware of any issues with Hunter Water's procedures, we consider that further prescription about the principles for shaping the policies and procedures is not necessary at this stage.</p>
	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?	<p>Hunter Water</p> <p> Hunter Water considers that it already meets the intent of this proposed Licence condition. When a customer self-reports financial or payment difficulties, Hunter Water makes efforts to provide information about payment assistance within 24 hours or by the next business day. 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.</p>	<p>Anonymous</p> <p> The submission supports including this new Licence condition.</p> <p>EWON</p> <p> EWON supports the intent of the proposed Licence condition. Assisting customers experiencing financial vulnerability at the earliest opportunity results, in EWON's experience, to less accrued debt over time and a greater possibility of a customer being able to pay their water bills in accordance with an established payment plan.</p> <p>PIAC</p> <p> PIAC supports the intent of the proposed condition but does not consider it the most effective approach. As outlined in the previous answer, a guideline with key principles to inform a payment difficulty policy and procedures would be more effective.</p>	<p>We do not recommend including a new requirement in the Licence for Hunter Water to provide information to customers about payment assistance on the same date that Hunter Water first identifies that the customer is facing payment difficulty.</p> <p>The intent of such a requirement, as EWON notes, is to identify issues early. But we have not identified issues with Hunter Water not doing this effectively already. As there is currently no issue, we consider that there is no need for a new Licence condition.</p> <p>We can review this matter at the next end-of-term review of the Licence if we become aware of issues.</p>
	Including new condition to develop and implement a family violence policy?	<p>Hunter Water</p>	<p>Anonymous</p> <p> The submission supports including a Licence condition to develop and implement a family violence policy.</p>	<p>We recommend a new Licence condition requiring Hunter Water to develop and implement a family violence policy. We also recommend requirements for Hunter Water to communicate the policy to its customers and periodically review it.</p>







#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
		 Hunter Water acknowledges that any improper handling of personal information can affect customers' safety. Hunter water supports a requirement to implement a family violence policy. It has already taken steps in this direction.	<p>EWON</p>  EWON has implemented its own family violence policy and is keen to share its experience with Hunter Water. Similarly, EWON welcomes Hunter Water's insights. <p>PIAC</p>  PIAC also supports the proposed new Licence condition. It has suggested that the Licence could require Hunter Water to communicate this policy in a range of formats. It should also consult further with stakeholders and experts who provide support and services to people experiencing family violence to verify their policy and processes.	<p>We agree with PIAC's suggestions that Hunter Water should consult appropriately when developing this policy. However, at this stage, we do not consider that this needs to be driven by the Licence. We have therefore recommended clauses that generally require Hunter Water to develop and comply with the family violence policy (as well as communicate the policy to customers) but we have not included further prescription at this stage.</p> <p>We can consider whether prescriptive requirements to undertake consultation on the policy is necessary in the next review of the Licence if we discover issues with Hunter Water's family violence policy.</p>
	Retaining the existing condition to maintain and implement an internal complaints handling procedure and communicate the procedure to customers?	<p>Hunter Water</p>  Hunter Water does not oppose the inclusion of a licence requirement but notes that it would continue to provide this service, maintain its expenditure and improve its complaints performance in the absence of a mandate.	<p>Anonymous</p>  The submission supports retaining this Licence condition to maintain and implement an internal complaints handling procedure and communicate the procedure to customers. <p>PIAC</p>  PIAC also supports retaining this Licence condition and proposes that Hunter Water should be required to communicate to its customers about the procedure in a variety of formats.	<p>We recommend retaining the Licence requirement to develop and implement an internal complaints handling procedure and to communicate this procedure to customers.</p> <p>We consider that retaining the requirement in the Licence provides transparency and allows the complaint handling processes to be audited.</p>
	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?	<p>Hunter Water</p>  Hunter Water agrees with retaining a licence condition requiring Hunter Water to participate in an external dispute resolution scheme so that customers have an independent avenue through which to escalate complaints.	<p>Anonymous</p>  The submission supports retaining this Licence condition for Hunter Water to be a member of EWON. <p>PIAC</p>  PIAC supports retaining this Licence condition for Hunter Water to be a member of EWON.	<p>We recommend retaining the Licence requirement for external complaints resolution. However, we agree with the utilities that it may not be necessary that the dispute resolution scheme must be EWON if there are viable alternatives. Neither does the specific scheme need to be prescribed in the Licence.</p>






#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
		<p>Hunter Water would welcome a clause that describes the responsibilities and intended outcomes of the resolution scheme, rather than mandating membership of a specific scheme.</p>	<p>EWON</p> <p> EWON acknowledges that a less prescriptive approach to external dispute resolution may be more appropriate. However, the Licence should specify that any such service should be an NSW Government approved scheme that provides independent and free dispute resolution service to consumers. Any appointed scheme should also be required to meet the Commonwealth Benchmarks for Industry-based Customer Dispute Resolution.</p> <p>Sydney Water</p> <p> Sydney Water considers that it is important for utilities to remain a member of an external dispute resolution scheme. However, it considers that the current approach of nominating a single service is prescriptive and does not enable the utility to seek services from a relevant dispute resolution scheme based on the value that service can bring.</p>	<p>We have therefore proposed some flexibility in the draft Licence to be a member of EWON or another external dispute resolution scheme with IPART's approval.</p>
	<p>Updating the existing Licence conditions to improve how Hunter Water communicates its customer rights' protection policies?</p>	<p>Hunter Water</p> <p> Hunter Water welcomes 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.</p>	<p>Anonymous</p> <p> The submission supports updating the existing Licence conditions to improve how Hunter Water communicates its customer rights' protection policies.</p> <p>PIAC</p> <p> PIAC supports updating the current operating licence conditions on communicating protection policies. The current specification of a 'pamphlet' limits the accessibility of the information provided, particularly to consumers who are vulnerable or disadvantaged. PIAC considers that a requirement to provide accessible information in both electronic and hard-copy formats could be appropriate.</p>	<p>We recommend retaining (and updating) the current operating licence conditions for how Hunter Water communicates its customer rights' protection policies. We propose to remove the current prescriptive Licence requirements for 'pamphlets' to allow Hunter Water more flexibility in how it communicates to its customers. Hunter Water is able to choose the most appropriate manner in which to prepare these communications. This may be informed by customers' preferences, or by Hunter Water's assessment of the communication form that is most likely to get the public's attention.</p>







#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>EWON</p> <p> EWON considers that it may be appropriate to include reporting requirements for the number of customers that have received the required information annually. EWON recommends that any changes to the current operating licence condition should include a provision that where a customer has not elected to receive communication electronically, that a pamphlet is still required to be sent by mail. It is also important for Hunter Water to consider supply addresses for consumers of water such as tenants, who are not direct customers of Hunter Water.</p>	<p>To address EWON's concerns, we propose to require Hunter Water to make any communications available to all residential customers free of charge with their bills. To meet this requirement, Hunter Water will have to ensure that the customers receive the information and if the customer has elected to not receive electronic bills, they will be provided with physical bills.</p> <p>At this stage, we have not proposed any additional reporting requirements as we consider that this is unnecessary regulatory burden. We will audit Hunter Water's compliance with the Licence condition.</p> <p>We do not propose prescriptive requirements to provide information to tenants at their correct address because we have recommended requirements to make the communications available on Hunter Water's website and on request through its General Enquiry process. We consider that all interested people will be able to adequately access the information in this manner.</p> <p>If we find that there are issues with consumers being made aware of relevant information, we can consider more prescriptive requirements in the next end-of-term Licence review.</p>
13	Should the Licence include other requirements for protecting customers' rights?	<p>Hunter Water</p> <p> Hunter Water stated that it has not identified any material deficiencies but is interested in other stakeholder views on this matter.</p>	<i>No responses received.</i>	We have not recommended any additional requirements to the ones discussed.








#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
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?	<p>Hunter Water</p> <p> Hunter Water supports our view to allow for consultation options and prescribe the use of the Customer Advisory Group (CAG) in the Licence. Hunter Water would prefer a minimalist approach that provides flexibility to use multiple techniques and methods to consult on matters listed in the Act. Hunter Water acknowledges that IPART's <i>review of how it regulates water utilities</i> is focused on designing checks and balances to ensure that water utilities like Hunter Water do customer engagement well.</p>	<p>NSW Government</p> <p> The submission supports allowing Hunter Water a less prescriptive model for engagement will support innovation and be beneficial to customers. The NSW Water Strategy highlights the importance of meaningful engagement with First Nations groups to advance outcomes for Aboriginal communities. DPE encourages Hunter Water to continue its efforts to deepen engagement with local Aboriginal stakeholders as part of its customer engagement approach.</p> <p>Anonymous</p> <p> The submission supports allowing other options for Hunter Water to engage with its customers.</p> <p>PIAC</p> <p> PIAC supports allowing more flexibility in the Licence for how Hunter Water undertakes customer engagement but considers that the CAG should continue to be required. It considers that the CAG provides useful skills and experience through its members, that may not be achievable through other customer consultation methods.</p> <p>Sydney Water</p> <p> Sydney Water supports a non-prescriptive approach to customer engagement obligations and the proposed broadening of Hunter Water's requirements to allow for other consultation methods beyond the CAG.</p>	<p>We recommend a less prescriptive requirement in the Licence to undertake customer consultation (as required by the Act). We consider that Hunter Water should undertake any type of community consultation that it considers will be beneficial. However, we appreciate the benefits that the CAG provides, and Hunter Water is still able to use the CAG, and not be in breach of the Licence condition, if it considers beneficial.</p>
15	Do you support our preliminary positions to update the Licence conditions requiring organisational system management by:	<p>Hunter Water</p> <p> Hunter Water supports our view to retain Licence conditions for maintaining and implementing AMS.</p>	<p>Anonymous</p> <p> The submission supports retaining the current operating licence condition for maintaining and implementing an AMS.</p> <p>PIAC</p> <p> PIAC strongly supports retaining this Licence condition.</p>	<p>We recommend retaining the Licence requirements for maintaining and implementing an AMS.</p>









#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
	Retaining the existing Licence condition for maintaining and implementing an Asset Management System (AMS)?	<p>Hunter Water considers that the AMS is important for monitoring asset performance and pre-emptively identifying issues that may pose a significant risk to asset integrity. Further, it helps Hunter Water deliver its services as efficiently as possible by maximising asset value.</p> <p>Hunter Water notes the value of being certified to the ISO standards for all 3 of its organisational systems.</p>	<p>Sydney Water</p> <p> If the conditions are retained, Sydney Water supports referring to the international or ISO version of the standards, rather than the Australian version.</p>	<p>While the Act does not require the Licence to include AMS requirements, and Hunter Water is likely to maintain the AMS even without a mandate, we consider that the Licence requirement still provides benefit. It reflects the criticality of the AMS in supporting Hunter Water's functions. It will ensure that the AMS continues to be maintained, consistent with industry best practice for asset management even if there is a change in Hunter Water's organisational management and culture.</p>
	Removing the existing condition to report on the proposed changes to the AMS, and the requirement to submit the Strategic Asset Management Plan (SAMP) to IPART once in the Licence term?	<p>Hunter Water</p> <p> Hunter Water supports our view to remove the existing requirement to submit a SAMP, particularly if it does not provide assurances beyond the requirement to maintain and implement the AMS.</p> <p>Hunter Water has not provided a clear position on the changes report because we erroneously referred to the 'proposed changes' in the Issues Paper, instead of the 'significant changes' report which Hunter Water currently provides.</p> <p>Hunter Water does not provide a proposed changes report. The significant changes report explains the changes made to the AMS in the previous financial year.</p> <p>Hunter Water was therefore not prompted for a clear position, but it has queried the value of the significant changes report, suggesting that it would not oppose removing this requirement.</p>	<p>Anonymous</p> <p> The submission does not support removing the proposed reporting requirements, but it does not explain why.</p> <p>PIAC</p> <p> PIAC does not support removing this requirement because they provide confidence in Hunter Water's management of its assets. PIAC states that the AMS is a key foundation for confidence in Hunter Water's business systems and its ability to dependably deliver the services the community requires.</p>	<p>We recommend removing the reporting requirement for a Strategic Asset Management Plan and a report on the significant changes made to the AMS each financial year. We consider that these reports are not providing information that justifies the burden of producing them, and removing the reporting requirements would be consistent with Sydney Water's reporting requirements.</p> <p>We acknowledge PIAC's concerns but note that removing these reporting requirements does not remove Hunter Water's requirement to maintain and implement the AMS itself. We will continue to monitor Hunter Water's compliance with its AMS Licence requirements which we consider will be adequate to review Hunter Water's management of its assets.</p>






#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
	Removing the existing Licence condition for maintaining and implementing a Quality Management System?	<p>Hunter Water</p> <p> Hunter Water does not agree with our preliminary position and considers that the Licence should continue to require the QMS. It states that the QMS provides system elements that complement other management systems, licence clauses and legislative and regulatory instruments.</p> <p>Hunter Water notes the value of being certified to the ISO standards for all 3 of its organisational systems.</p>	<p>Anonymous</p> <p> The submission does not support removing the current operating licence requirements for the QMS, but it does not explain why.</p> <p>Sydney Water</p> <p> If the conditions are retained, Sydney Water supports referring to the international or ISO version of the standards, rather than the Australian version.</p>	<p>We recommend retaining the QMS requirements in the draft Licence, consistent with Hunter Water's position. The QMS is an important system that helps Hunter Water deliver its functions by supporting its other systems and processes.</p> <p>We acknowledge that Hunter Water intends to maintain the QMS even if it were not a requirement of the Licence bringing into question whether there is benefit in having a Licence condition. Retaining the Licence requirement will ensure that standards are maintained even if there is a change in management or organisational culture and commitment at Hunter Water. It also recognises the criticality of the QMS.</p>
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?	<p>Hunter Water</p> <p> Hunter Water considers retaining the EMS requirement in the Licence is in their stakeholders' best interests as it is the most efficient way to minimise risk of harm to the environment from Hunter Water's operations.</p> <p>Hunter Water notes the value of being certified to the ISO standards for all 3 of its organisational systems.</p>	<p>NSW Government</p> <p> The EPA commented that Hunter Water needs to improve its understanding of Green Offset Schemes especially as it relates to the Hunter River Estuary Masterplan. DPE noted that the objectives of the Lower Hunter Water Security Plan include protection and restoration of ecosystems and biodiversity values. DPE commented that the objective of the Licence should reflect the triple bottom line objectives outlined in Section 8 of the SOC Act, which would bring Hunter Water in closer alignment with the core objectives of the NSW Water Strategy – Water sources, floodplains and ecosystems protected.</p> <p>Anonymous</p> <p> The submission does not support removing the current operating licence requirements for the EMS because it considers that an EMS is essential.</p>	<p>We recommend retaining the EMS requirements in the draft Licence, consistent with Hunter Water's position. The EMS is an important system for minimising risk of harm to the environment and is consistent with industry best practice.</p> <p>Hunter Water relies on its EMS controls to manage wastewater overflows. This drives asset management decisions made to prevent breach of environmental legislation and the wastewater overflow system performance standard. Further, retaining the EMS requirement allows us to verify Hunter Water's systems and performance.</p>



#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>PIAC</p> <p> PIAC supports retaining a requirement for an EMS at this time. PIAC states that any alternates should ensure acceptable and sustainable environmental outcomes and provide a transparent and verifiable means of assessing Hunter Water's systems, decision making and performance in this area.</p> <p>Sydney Water</p> <p> If the conditions are retained, Sydney Water supports referring to the international or ISO version of the standards, rather than the Australian version.</p>	<p>We acknowledge that Hunter Water intends to maintain the EMS even if it were not a requirement of the Licence bringing into question whether there is benefit in having a Licence condition. Retaining the Licence requirement will ensure that standards are maintained even if there is a change in management or organisational culture and commitment at Hunter Water. It also recognises the criticality of the EMS.</p>
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?	<p>Hunter Water</p> <p> Hunter Water considers requiring an MoU with NSW Health is an appropriate, and efficient, Licence requirement.</p>	<p>NSW Government</p> <p> NSW Health supports retaining the obligation to require a MoU with NSW Health. The MoU outlines the basis for the cooperative relationship between the organisations, has been revised as required over time and includes NSW Health's expectations on reporting.</p> <p>Anonymous</p> <p> The submission supports retaining the existing Licence condition requiring an MoU with NSW Health.</p>	<p>We recommend retaining the Licence requirement for a MoU with NSW Health, reflecting the preference of our stakeholders.</p> <p>The MoU outlines the basis for the cooperative relationship between the organisations. The MoU ensures Hunter Water supports NSW Health in its role in providing advice to the NSW Government about drinking water quality standards and the supply of water which is safe to drink.</p> <p>While the Act does not require the MoU, as the relevant Acts for other public water utilities do, the Licence requirement reflects the importance of the MoU as well as the stakeholders' preferences. Further, the Licence condition allows us to audit Hunter Water's compliance.</p>





#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
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?	<p>Hunter Water</p>  Hunter Water supports any moves to remove duplication and welcomes NSW Health's view on this matter.	<p>NSW Government</p>  NSW Health does not object to the removal of the requirements to report events that may pose a risk to public health. This is already covered in the Reporting Manual.	<p>We recommend removing the current Licence requirements for the MoU to include reporting requirements to NSW Health about events that might pose a risk to public health. These are already covered in the Reporting Manual which is a more flexible and appropriate instrument for reporting requirements that can be updated easily if required.</p> <p>Removing the requirements from the Licence will not make a material change to the status quo as Hunter Water will continue to report in accordance with the Reporting Manual.</p>
	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?	<p>Hunter Water</p>  Hunter Water supports any moves to remove duplication and welcomes NSW Health's view on this matter.	<p>NSW Government</p>  NSW Health does not object to the removal of reporting requirements about water quality from the Licence. This is already covered in the Reporting Manual. NSW Health notes that these clauses do not appear in the Sydney Water Operating Licence.	<p>We recommend removing the current Licence requirements for the MoU to include reporting requirements to NSW Health about water quality events as they are already covered in the Reporting Manual.</p> <p>As above, removing the requirements from the Licence will not make a material change to the status quo as Hunter Water will continue to report in accordance with the Reporting Manual.</p>
19	Do you consider the MoU with DPE (referred to as DPIE in Issues Paper) is still necessary, and if not, are there aspects of the MoU that should still be regulated by Licence?	<p>Hunter Water</p>  Hunter Water supports retaining the requirements in the Licence to maintain and comply with the MoU with DPE.	<p>NSW Government</p>  DPE recommends that the MoU between DPE and Hunter Water should be retained in the Licence. The MoU is a binding but flexible way to promote collaboration for the planning and implementation of the Lower Hunter Water Security Plan. It may also provide clarity on how Hunter Water is to work with the Water Administration Ministerial Corporation. See previous discussion on including a separate licence clause on implementation of the Lower Hunter Water Security Plan.	<p>We recommend retaining the current operating licence requirement for a MoU with DPE.</p>








#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
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 (RFS)? Or is there a more efficient way to regulate Hunter Water's relationship with FRNSW?	<p>Hunter Water</p>  Hunter Water supports our preliminary position to the MoU because it ensures the relationship remains an important priority. Hunter Water considers that including RFS in the working group would be valuable to share information on identification of high-risk bushfire areas, protection of Hunter Water's assets and understanding of water network capacity and system design.	<p>NSW Government</p>  FRNSW supports retaining the existing Licence requirements for Hunter Water to maintain the MoU with FRNSW. It is not opposed to including RFS in the working group between Hunter Water and FRNSW, that is required under the MoU, but has advised us to consult with RFS about whether a separate MoU could be appropriate. FRNSW notes the MoU working group has been productive over the last licence period. <p>Anonymous</p>  The submission supports retaining the current operating licence requirement for a MoU with FRNSW and to expand the membership requirements for the working group to includes RFS. <p>Sydney Water</p>  Sydney Water states that there has been value in including RFS in discussions for Sydney Water's operations, where agreed by both Sydney Water and FRNSW. Sydney Water considers that any MoU clauses should allow a 'best endeavours' allowance to ensure that only what is in the water utility's control is monitored for compliance.	<p>We recommend retaining the Licence requirement for a MoU with FRNSW in the Licence. Further, the Licence should continue to require Hunter Water to have a working group with FRNSW, and other appropriate organisations such as RFS. In this way, Hunter Water can include the RFS, if it considers appropriate.</p> <p>After discussions with Hunter Water, we consider that there may not be benefit from another MoU if the RFS were to be included in the working group, given the nature of Hunter Water's and RFS' relationship. However, we will consider the relevant costs and benefits further if RFS were to seek an MoU.</p> <p>We note Sydney Water's position about allowing a 'best endeavours' clause and have recommended continuing this in the draft Licence for maintaining the MoU. However, we have proposed that Hunter Water <i>must comply</i> with the MoU (i.e. no best endeavours clause for compliance) to allow us to effectively monitor compliance. We will audit Hunter Water's compliance only and will consider matters that are beyond Hunter Water's control.</p>
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?	<p>Hunter Water</p>  Hunter Water does 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)	<p>NSW Government</p>  The submission supports retaining the Licence condition to make services available to WIC Act licensees. <p>EWON</p>  While not explicitly stated, we understand that EWON supports these Licence conditions as they help to protect the end users of Hunter Water's wholesale customers (which includes WIC Act licensees and other potential competitors).	<p>We recommend retaining the Licence condition to make services available to WIC Act licensees. We also recommend retaining the supporting Licence condition that allows Hunter Water to impose any lawful conditions it sees fit on the making available of services to ensure the safe, reliable and financially viable supply of the services in accordance with the Licence.</p>







#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>PIAC</p> <p> PIAC supports retaining the Licence condition requiring Hunter Water to make services available to WIC Act licensees,</p>	
	Including a new Licence condition to negotiate with WIC Act licensees and 'potential competitors' in good faith?	<p>Hunter Water</p> <p> Hunter Water questioned the need to add 'in good faith' Licence condition to the Licence. Hunter Water considers that a 'good faith' Licence condition is one-sided. There is no equivalent obligation on utilities licenced under the WIC Act. Hunter Water notes a practical concern with the way an auditor would check compliance with a good faith Licence condition and questions the technical knowledge or experience required by auditor to assess compliance.</p>	<p>NSW Government</p> <p> The submission supports including a new Licence condition to negotiate with WIC Act licensees and 'potential competitors' in good faith.</p> <p>EWON</p> <p> While not explicitly stated, we understand that EWON supports these requirements as they help to protect the end users of Hunter Water's wholesale customers (which includes WIC Act licensees and other potential competitors).</p> <p>PIAC</p> <p> PIAC supports retaining the Licence requirements for Hunter Water to negotiate and act in good faith,</p> <p>Sydney Water</p> <p> Sydney Water has advised that since the new requirement to act in good faith during negotiations was included in the Sydney Water operating licence, Sydney Water has had no requests for new agreements.</p>	<p>We recommend including a new 'good faith' condition in the Licence to protect Hunter Water's competitors during negotiations. We acknowledge Hunter Water's concerns and we can consider whether a similar requirement would be appropriate in the WIC Act licences. However, we consider that in these commercial dealings, Hunter Water's competitors are more vulnerable. Hunter Water, as the incumbent utility, is at an advantage. The proposed Licence condition seeks to level the playing field.</p> <p>To be clear, acting in good faith should not be interpreted as requiring Hunter Water to make concessions during negotiations or to reach agreement on the terms that are to be included in an agreement with a competitor. Hunter Water may act in good faith but still fail to reach agreement.</p> <p>We intend to provide guidance to our auditors on how to audit the proposed good faith requirement of the Licence.</p>
	Retaining the Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct?	<p>Hunter Water</p> <p> Hunter Water does not oppose retaining the condition to cooperate with WIC Act licensees seeking to establish a code of conduct. There is an equivalent obligation in WIC Act Licences.</p>	<p>NSW Government</p> <p> The submission supports retaining the: Licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct.</p>	<p>We recommend retaining the current operating licence condition to cooperate with WIC Act licensees seeking to establish a code of conduct should be retained. Further, we recommend that any such requests from WIC Act licensees should be in writing.</p>

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>EWON</p> <p> EWON supports our preliminary position that any requests to enter into a code of conduct needs to come from WIC Act licensees in writing. Written requests ensure a consistent approach is applied and provides an accurate record of information between the parties.</p> <p>PIAC</p> <p> PIAC supports including Licence requirements for Hunter Water to act according to any WIC Act code of conduct in dealing with WIC Act licensees.</p> <p>Sydney Water</p> <p> Sydney Water has advised that since the new requirement to cooperate with WIC Act licensees seeking to establish codes of conduct was included in the Sydney Water operating licence, Sydney Water has had no requests for a new code of conduct.</p>	
	Including a new Licence condition to publish servicing information to WIC Act licensees and competitors?	<p>Hunter Water</p> <p> Hunter Water is not opposed to publishing servicing information but notes that there are other ways to satisfy the need. Publishing of servicing plans will be required when developer charges are re-instated and also as a part of the published annual Hunter Water's Growth Plan.</p>	<p>NSW Government</p> <p> The submission supports including a new Licence condition to publish servicing information to WIC Act licensees and competitors. The submission notes that the 2018.</p>	<p>We recommend new Licence conditions for publishing servicing information to WIC Act licensees and competitors. We will consider the information that Hunter Water publishes when reviewing Hunter Water's compliance with this Licence requirement. Any duplication with other requirements (e.g. when developer charges are re-instated) can be reviewed when those requirements come into effect.</p>

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>The submission notes the 2018 <i>Independent review of economic regulatory barriers to cost-effective water recycling</i> identified a lack of information available to market participants on public water utilities' long-term growth servicing plans, system constraints and the costs (or savings) of alleviating (or deferring) constraints in water and wastewater systems. As a result, the report recommended that the operating licences for WaterNSW, Sydney Water and Hunter Water require the utilities to develop and publish an annual 'system limitation report' that makes key information publicly available on long-term growth servicing plans and system constraints in a consistent, timely and accessible way. The recommendation was supported by the Government and the reporting requirement included in Sydney Water's Operating Licence at its last review.</p> <p>EWON</p> <p> EWON supports including conditions for publishing of servicing information and/or annual reporting requirements. It advised that these should mirror that of Sydney Water to have a consistent approach across major water providers in NSW.</p> <p>PIAC</p> <p> PIAC supports including Licence conditions requiring Hunter Water to provide information to WIC Act licensees.</p>	

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
			<p>Sydney Water</p> <p> Sydney Water appears to not support including a new Licence condition to publish servicing information to WIC Act licensees and competitors. It has advised that since the new requirement to publish servicing information was included in the Sydney Water operating licence, Sydney Water has received little interest from stakeholders seeking this information. Sydney Water agrees with Hunter Water that this information may become duplicative or unnecessary in the future as public utilities will also be required to publish development servicing plans with the reintroduction of developer charges. Under current timeframes, Sydney Water expects to publicly exhibit draft Development Servicing Plans for water, wastewater and stormwater services in 2022-23 which would then be reviewed and updated every 5 years.</p>	
	<p>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.</p>	<p>Hunter Water</p> <p> Hunter Water does not oppose the addition of these reporting requirements.</p>	<p>PIAC</p> <p> PIAC does not consider this a reasonable addition at this time. Hunter Water should be required to be open in providing information to WIC Act Licensees, and act in good faith in dealing with them. But it does not and should not have any Licenced requirement to make agreements.</p> <p>Sydney Water</p> <p> Sydney Water suggested that this requirement should be limited in scope to matters that can be measured objectively, without revealing any confidential or sensitive information. Given that many discussions are confidential and/or commercially sensitive.</p>	<p>We recommend new reporting requirements for dealing with WIC Act licensees and potential new competitors and providing them with servicing information. Water utilities can advise us on any redactions to reporting due to confidentiality.</p> <p>We note PIAC's concerns but the reporting requirements discussed here are to report on the number of agreements Hunter Water has established with WIC Act licensees in a given year. It does not require Hunter Water to enter into any agreements. If it has not entered into any agreements in that year, it should report that.</p>

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
22	Do you agree with our preliminary positions of: Revising the Licence structure to be consistent with the Sydney Water Operating Licence?	<p>Hunter Water</p> <p> Hunter Water supports the proposed change to the Licence structure</p>	<p>NSW Government</p> <p> The submission supports the proposed changes to the Licence structure.</p> <p>Anonymous</p> <p> The submission disagrees with the position of revising the Licence structure for consistency with Sydney Water.as it does not see a benefit. It considers that Hunter Water’s current operating licence structure suits its purpose.</p> <p>EWON</p> <p> EWON supports greater consistency across the major water providers.</p> <p>PIAC</p> <p> PIAC has not opposed changing the Licence structure but notes that applying a consistent structure should not lower the standard or rigor of direction to Hunter Water. Particularly for managing catchments and water sources. PIAC supports a revised and consistent Licence structure if this potential area of concern can be addressed.</p>	<p>We recommend that the structure of the Licence should be consistent with other public water utility operating licences, such as the Sydney Water operating licence. We note PIAC’s and the anonymous submission’s concerns. However, here we are only discussing the layout of the Licence so that similar Licence conditions appear in similar parts of the Licence as with the Sydney Water operating licence, and in a similar order. In terms of the conditions themselves, we have only recommended consistency with the Sydney Water operating licence where there is a net benefit to society.</p> <p>We consider that greater consistency in the Licence structure will allow users to more easily access relevant Licence conditions. Including Hunter Water that implements the Licence conditions, us who administer them, and other stakeholders that must refer to them. As it is simply a rearrangement of the layout, there should be no cost impact to Hunter Water.</p>
	Revising the Licence objectives to more closely reflect Hunter Water’s principal objectives under the Act?	<p>Hunter Water</p> <p> Hunter Water requested a rewording of sub-clause (b) so that the objective relating to competition has its own subclause.</p>	<p>NSW Government</p> <p> The submission supports IPART’s proposal to amend and modernise the objectives of Hunter Water’s Licence, which are currently limited and constrained by what the <i>Hunter Water Act 1991</i> allows. Where possible, DPE encourages reflection of the social, economic and environmental objectives outlined in Section 8 of the <i>State Owned Corporations Act 1989</i> in the objectives of the licence. This would help bring them in closer alignment with the core objectives of the NSW Water Strategy,</p>	<p>We have recommended Licence objectives updated to more closely reflect Hunter Water’s principal objectives under the Act and incorporating DPE’s and PIAC’s advice.</p>

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
		<p>[Subclause (b) currently states that "The objectives of this Licence are to...set efficient and effective terms and conditions, including quality and performance standards, that require Hunter Water to provide services in a way that does not prevent or hinder competition.</p>	<p>Anonymous</p> <p> The submission does not oppose updating the Licence objective but considers that our preliminary proposal for draft the objective is not clear. It states that the objectives should use wording that is easily understandable by customers.</p> <p>PIAC</p> <p> PIAC supports IPART's intent in modifying the Licence objectives to more closely align with those of the Act. PIAC has recommended changes we should consider when recommending the Licence objectives for the long-term interests of the community.</p> <p>Sydney Water</p> <p> Sydney Water has advised that any change to Hunter Water's Licence objectives should be consistent with the principal objectives of the Act, given that the Act is the enabling instrument of the Licence.</p>	
	Retaining the existing pricing condition?	<p>Hunter Water</p> <p> Hunter Water agrees with our preliminary position as it is a practical way to meet <i>Hunter Water Act 1991</i> s 13(1)(c) requirement.</p>	<p>Anonymous</p> <p> The submission proposes that instead of being 'outcomes focused' the pricing Licence clause should be 'fairness-focussed'. The submission considers that prices should be weighted more towards higher consumption charges and lower fixed charges to incentivise water savings.</p> <p>PIAC</p> <p> PIAC supports retaining this Licence condition.</p>	<p>We recommend retaining the pricing condition from the current operating licence (clause 1.8). This licence condition sets out Hunter Water's obligation to set prices subject to the terms of the licence, the Act and IPART's price determinations. The condition aims to protect customers by ensuring that prices are not excessive and therefore provides a net benefit to society.</p> <p>We consider that the individual submission about fixed charges is outside the scope of this operating licence review. However, we note that in the recent Hunter Water pricing determination, we moved towards lower fixed charges. In general, public water utilities have a high proportion of variable (consumption) charges for drinking water.</p>

#	Question	Responses from Hunter Water	Responses from other stakeholders	Our response
23	Do you have any other issues or concerns you would like to raise relating to the Hunter Water Licence?	<p>Hunter Water</p> <p> Hunter Water notes that it 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). The Compliance and Performance report is time consuming and costly to prepare.</p>	Nil	<p>We have proposed removing the current annual compliance and performance reporting requirements. Instead, we have proposed that Hunter Water only provide annual exception reports (which can complement Hunter Water's annual statements of compliance) for any non-compliances with its Licence conditions in the relevant reporting year.</p> <p>We have recommended retaining the requirement for an annual compliance and performance report on Hunter Water's performance with its performance indicators as this is useful information for monitoring Hunter Water's performance and compliance with its Licence requirements.</p> <p>We have also recommended a new requirement for an annual report on Hunter Water's performance with engaging with its competitors (both current WIC Act licensees and potential competitors). We consider that these reporting requirements do not impose a high burden and will assist us in monitoring Hunter Water's compliance with these new Licence conditions.</p>