



**Review of Prices for Water, Sewage, Stormwater  
Drainage and other services for  
Hunter Water Corporation**

**Submission by No Tillegra Dam Group to the  
Independent Pricing and Regulatory Tribunal**

**October 2012**

## Introduction

No Tillegra Dam Group (NTDG) welcomes the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal (IPART) review of prices for water, wastewater, stormwater drainage and other services for Hunter Water Corporation (HWC).

As NTDG is a community based group it places strong emphasis on the following:

- Ensuring that all land in the Tillegra precinct is sold through a *Whole of Government* process.
- Development of a new Lower Hunter Water Plan through genuine stakeholder participation.
- Efficient management of existing infrastructure and systems.
- Emphasis on water conservation/demand management and recycling.
- A focus on user pay.
- Maintaining water prices at a minimum for ratepayers in the Hunter, particularly low-income earners and those suffering hardship

## Tillegra Dam and Landholdings in the Tillegra Precinct

All political parties, including the present NSW Government have given a commitment not to build Tillegra Dam. An assurance has also been given by the NSW Government to sell all land in the Tillegra precinct. This amounts to approximately 6,000 hectares.

Since the rejection of the proposal in November 2010, HWC has demonstrated a clear reluctance to move on land sales, despite direction from both Governments during this time to commence this process.

Hunter Water has recently called for tenders for the development of a long-term land use strategy for the Tillegra lands acquired for the project, stating that this process is expected to take up to 12 months and include stakeholder participation. NTDG has critical concerns regarding the method Hunter Water has embarked on and its impacts on the Hunter community. These include:

- Stakeholders were not genuinely consulted during the Tillegra Dam proposal and were not consulted prior to HWC embarking on its own land use plan.
- Because of the social, economic and environmental significance of the acquired land to the future of Dungog and the local government area, special measures are now required for the disposal of these lands. This should include a *whole of Government* strategy with participation from relevant stakeholders.
- Tillegra Dam was a political decision made by the NSW Government at the time. Therefore, any expenses relating to the project, including \$25m of Tillegra Dam expenses outlined in the 2010-2011 accounts, should not be passed on to ratepayers.

- The Tillegra lands should not be included in HWC's regulatory asset base (RAB) and any costs, including losses associated with land sales, land management, or a land use strategy (\$0.4 million in expenditure has been forecast by HWC for property maintenance and a land-use strategy), should not be borne by ratepayers.

NTDG also notes that on p91 of its 2010-2011 Annual Report, Code description, 3, HWC stated that land not currently used but fully required for future integral needs was 55 properties and \$75.738m. If this refers to the Tillegra land holdings, it is contrary to Government policy.

NTDG recommends that any profits from the sale of the Tillegra lands be spent on water efficiency methods, maintaining infrastructure and reducing water bills. It also recommends that monies from the sale of lands be spent on assisting with the economic recovery of the Dungog Shire in the wake of the Tillegra Dam debacle.

### **New Lower Hunter Water Plan and Efficient Use of Existing Systems**

NTDG believes that efficient use of existing HWC infrastructure and systems would preclude the need for new dams.

HWC makes reference to the development of a new Lower Hunter Water Plan, coordinated by the Metropolitan Water Directorate, Finance and Services, with input from the corporation and consultation with the Hunter community. NTDG notes:

- There has been no consultation to date with the Hunter community regarding the new Lower Hunter Water plan, including options and what the community is prepared to pay for.
- HWC's inter-regional banking arrangements mentioned in its submission to IPART has not been included in any community consultation process and should be considered against other water efficiency methods such as demand management and increased water recycling.
- The selection of a portfolio of options for the new Lower Hunter Water Plan should be made '*...through a robust and transparent comparison of all options examining the social, environmental and economic costs...and optimising the use of existing infrastructure through efficiency measures...*' (National Urban Water Planning Principles)

Tillegra Dam would have provided a level of water supply that was far beyond what was necessary for the water needs of the Lower Hunter. The level of water security was at least 50 times that typical of the water supply of other Australian water providers. It is important that the community understands that examining the options for a new water plan doesn't mean the need for a new large infrastructure proposal.

NTDG considers that HWC needs to be more efficient with its present systems and practices, particularly relating to demand management and water conservation, before other new supply options are considered.

HWC's reference to examining options and securing the Hunter's water supply is often attributed to a predicted 160,000 growth in the region's population. It needs to be noted that the corporation's planning documents have always demonstrated that there was no need for a new large supply option, even with these inflated figures.

During the Tillegra Dam proposal, HWC unnecessarily reduced its estimate of available supply for the existing supply system from 90GL to 67GL. As well demand forecasts were overestimated. Water consumption is now trending downwards.

HWC notes in its submission p28 that it is now using a new model to estimate Supply-Demand, which has been funded by the National Water Commission. The project was led by the Institute for Sustainable Futures (ISF) and involved collaboration with the Water Services Association of Australia (WSAA), the CSIRO as well as several councils.

The new Supply-Demand figures now need to be made public for scrutiny. If these are as anticipated by environmental and community groups, there will be no need for new dams in the Hunter.

### **Water Conservation/ Demand Management and Recycling**

The current demand management and water conservation measures described by HWC in its IPART submission are poor when compared to those implemented across Sydney and the Central Coast. As well, HWC has a poor record nationally in recycling.

There is a growing suite of cost-effective water conservation and demand management programs currently in place across Australia. Programs with potential to be implemented or significantly expanded in the Lower Hunter could include:

- Water saving rules or water wise rules modeled on those in Sydney Melbourne or Adelaide
- Water conservation audits and retrofits
- Washing machine rebates for residents
- Outdoor water saving appliances
- Mandatory water savings action plans for high users and industry
- Business water savings programs and partnerships
- Rain water tank rebates

Water saving rules should be introduced to the Hunter as a demand management measure. This would negate the need for more expensive readiness options in the future.

NTDG also recommends adjusting the security of supply criteria to ensure that higher level restrictions are introduced earlier at higher storage levels. This is a more sustainable and economically responsible strategy than attempting to create a 'drought proof' supply where higher level restrictions are never or rarely introduced.

NTDG notes Gosford and Wyong Councils' WaterPlan 2050 strategy that "*in most instances, demand management actions have proven to be more cost effective than increasing supply*" (Gosford-Wyong Councils' Water Authority, 2006).

Other efficiency methods could include:

- Industries should be encouraged and given incentives to undertake water conservation methods or Water Saving Plans such as Sydney Water. Providing water at a reduced cost to industries undermines any encouragement for recycling.

- Whilst HWC's proposed capital expenditure on development of recycled water is welcomed, all upgrades to wastewater treatment facilities should have a sustainable approach in place to manage sewerage sludge.
- Increasing the use of wastewater to match national standards. It would be cheaper and better for the environment. If HWC matched national best practice, it could boost water security for households and small businesses by taking industrial consumers off the drinking water supply. A greater focus on recycling effluent and demand management and water conservation strategies would also negate the need for any new large infrastructure projects.
- Encourage water efficient appliances and attempts to control water usage with financial incentives (rebates).
- Encourage the use of storm water capture with retention basins, water tanks, etc. This would allow developers to embrace water sensitive urban design features.
- Investigation of customer sewerage discharges and rebates for the reduction of same.

### **Focus on User Pay**

Many industries in the Hunter continue to use potable water supplied by HWC, therefore NTDG opposes 'location based' prices which delivers discounts to large industries and discourages the practice of recycled water for industrial use.

Reducing prices for large users diminishes the conservation message conveyed by usage charges and undermines demand management. It also discourages large volume users to adopt effluent reuse.

The practice where industries use potable water should be actively discouraged. Presently there is no requirement for industries to implement water saving plans, as is the case in other areas.

NTDG also supports increased capital expenditure on recycled water infrastructure and continued upgrades to wastewater treatment facilities.

### **Maintaining water prices at a minimum for ratepayers and control over water bills by ratepayers**

HWC's submission recommends high fixed prices. NTDG is of the opinion that HWC customers should have greater control over their water bills, therefore supports reducing the levels of fixed prices for a greater emphasis on usage charges.

Increasing usage charges while reducing fixed charges would provide stronger incentives for customers to reduce consumption and give them more control over their water bills. This would also encourage customers to invest in, for example, rainwater tanks or water efficient appliances.

HWC's customer consultation process demonstrated that approximately 75% of customers wanted more control over their water bills through water usage.

NTDG recommends that IPART take on these recommendations and is prepared to present to the IPART hearing if invited.

Carol Pasenow  
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