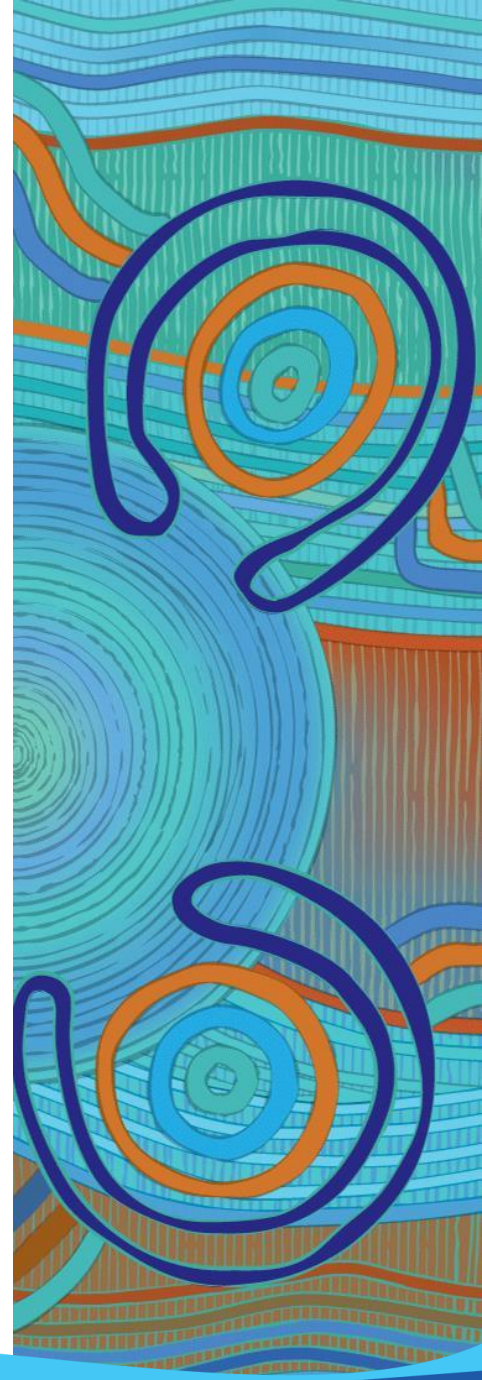
Hunter Water Customer and Community Advisory Group

Tuesday 9 April 2024

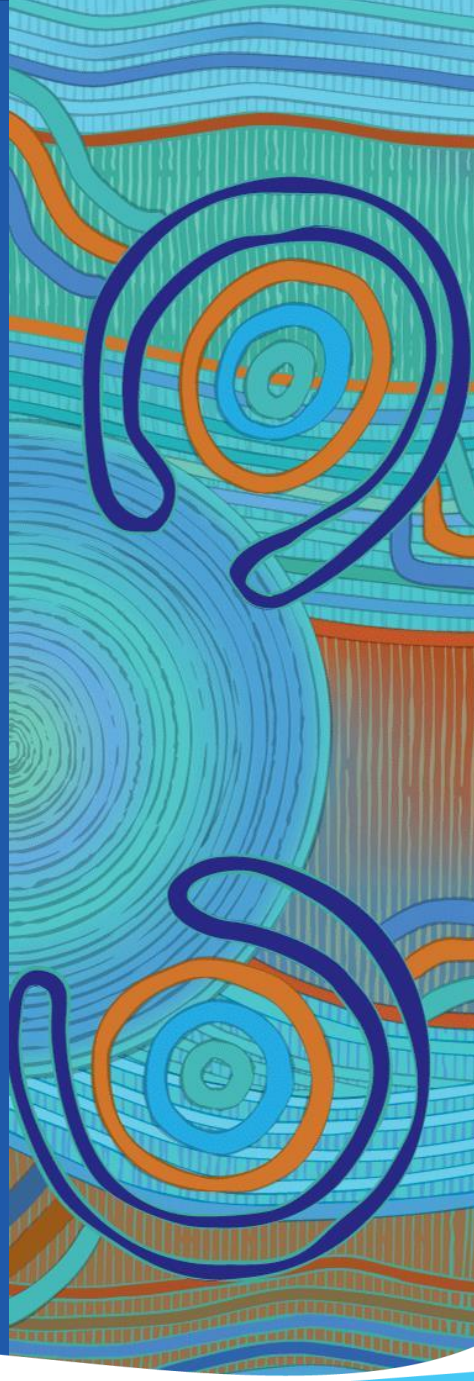
ACKNOWLEDGEMENT OF COUNTRY

Hunter Water acknowledges the Traditional Countries of the Awabakal, Geawegal, Darkinjung, Wonnarua and Worimi peoples on which we operate and the Countries beyond where our water flows.

We recognise and respect the cultural heritage, beliefs and continuing connection to the lands and waters of our Traditional Custodians and pay respect to their Elders past, present and emerging.



Operational update



Current storages

81.8%

AS AT 26 MAR 24

Grahamstown
Dam

STORAGE LEVEL

83.2%

151,614 ML

0.0% 1 WEEK AGO

↓ 0.3% 1 MONTH AGO

↓ 10.6% 1 YEAR AGO

MAXIMUM CAPACITY

182,305 ML

Tomago
Sandbeds

STORAGE LEVEL

72.8%

39,310 ML

↓ 0.1% 1 WEEK AGO

↓ 1.6% 1 MONTH AGO

↓ 16.7% 1 YEAR AGO

MAXIMUM CAPACITY

54,000 ML

Chichester
Dam

STORAGE LEVEL

100.0%

18,383 ML

0.0% 1 WEEK AGO

0.0% 1 MONTH AGO

0.0% 1 YEAR AGO

MAXIMUM CAPACITY

18,356 ML

Anna Bay
Sandbeds

STORAGE LEVEL

74.8%

10,870 ML

↓ 0.7% 1 WEEK AGO

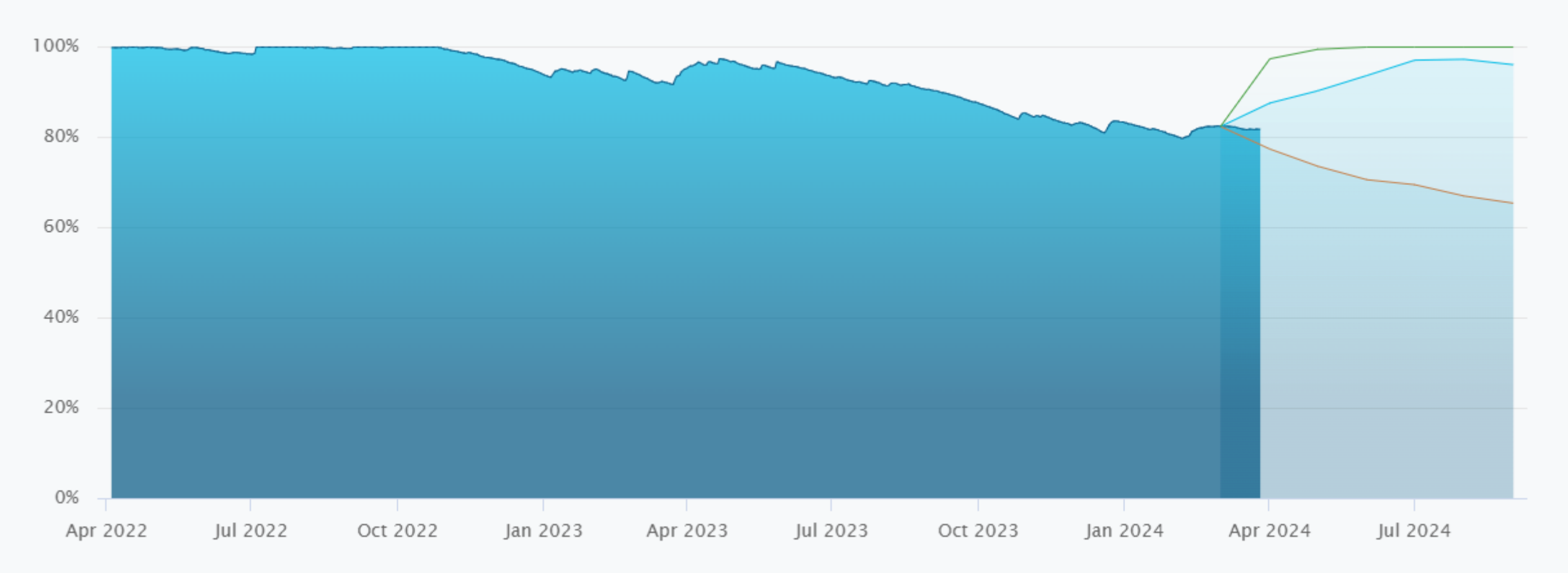
↓ 2.6% 1 MONTH AGO

↓ 25.2% 1 YEAR AGO

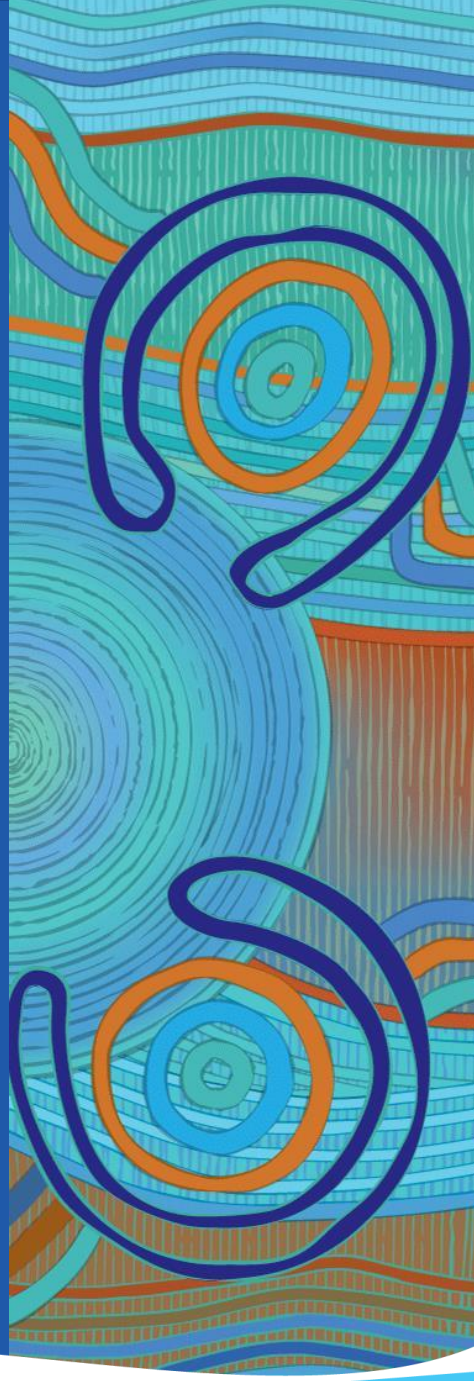
MAXIMUM CAPACITY

14,537 ML

Historical storage levels and outlook



Recent highlights



27 March 2024

Hunter Water reaches scent-sational milestone during $10 million-dollar upgrade to Toronto Wastewater Treatment Works

Hunter Water is investing over $10 million to upgrade the Toronto Wastewater Treatment Works (WWTW) to safely and reliably meet local population growth, reduce odour and protect the environment.

Following a successful overhaul of the WWTW's high-voltage electrical equipment, the project has reached a key milestone with a new, state-of-the-art odour control unit (OCU) at the facility now up and running.

The upgrade to Toronto WWTW has involved three stages over three years, starting in August 2021 and is slated to be complete by the middle of 2024.

14 February 2024

Love flows this Valentine's Day with Hunter Water's Love Water Grants now open

Hunter Water is making a splash this Valentine's Day, pouring over $120,000 into the community through its Love Water Grants program. For over 30 years, Hunter Water has supported the community with water conservation and environmental and social awareness initiatives. In the last seven years, Love Water Grants has become the organisation's flagship program, supporting over 70 community groups.

Organisations are encouraged to apply for a one-off grant of up to $10,000 to support initiatives that promote water conservation and sustainability and enhance liveability and innovation in our community.

5 February 2024

Community panel convenes to shape Hunter Water's future services and prices

A representative community panel has convened to help shape the future services provided by Hunter Water to the end of the decade, with indicative prices between 2025 and 2030 shared at today's forum to inform the panel's deliberative process.

Hunter Water develops a pricing proposal to submit to the Independent Pricing and Regulatory Tribunal (IPART) every five years that reflects the efficient cost of providing our services. Our next pricing reset is 1 July 2025.

Our customers' and community views are integral to this process to ensure their needs and preferences are considered in our future investment programs and services.

The forums are the latest in an extensive and ongoing engagement program for the pricing proposal, which has so far included prioritisation surveys, bill simulations and focus groups.

24 January 2024

A permanent Belmont Desalination Plant to enhance water security for generations to come

Hunter Water has applied to build a permanent seawater desalination plant at Belmont.

The NSW Department of Planning, Housing and Infrastructure (DPHI) put the plant's Modification Application on public display from 24 January to 20 February 2024.

Building the Belmont Desalination Plant will add up to 30 million litres per day of rainfall-independent drinking water capacity to the system, or about 15 per cent of the region's average daily needs.

As a key action in the Lower Hunter Water Security Plan, the permanent Belmont Desalination Plant will be an enduring, integrated, and vital part of the Lower Hunter's water supply system.

19 December 2023

Major upgrades complete for Newcastle's century-old pump station

Hunter Water has completed major upgrades to the Newcastle West 1 Wastewater Pump Station next to Marketown Shopping Centre car park.

The revitalised pump station now requires less maintenance, improves amenity for surrounding residents, shoppers and businesses and supports future population growth in the area.

Improvements have included: removing the aging vent stack, installing an interim odour control unit (OCU) to minimise odours, delivering and commissioning a larger, permanent odour control unit, as well as restoring the concrete structures, new pipework and fencing.

14 December 2023

Water security and environmental benefits flow from Seaham Weir upgrade

Hunter Water has upgraded the Seaham Weir to improve safety, enable effective water flow management, and improve fish passage.

Seaham Weir separates saline tidal water from where fresh river water is pumped to store in Grahamstown Dam.

Upgrade work at Seaham Weir has included:

- installing four new low-flow gates on the weir's eastern side to allow controlled release of water into the estuary on an ongoing basis
- installing a new fishway on the weir's eastern side for improved fish passage both up and down the Williams River
- refurbishment of the existing weir gates on the weir's western side.

14 December 2023

Water security and environmental benefits flow from Seaham Weir upgrade

Hunter Water has upgraded the Seaham Weir to improve safety, enable effective water flow management, and improve fish passage.

Seaham Weir separates saline tidal water from where fresh river water is pumped to store in Grahamstown Dam.

Upgrade work at Seaham Weir has included:

- installing four new low-flow gates on the weir's eastern side to allow controlled release of water into the estuary on an ongoing basis
- installing a new fishway on the weir's eastern side for improved fish passage both up and down the Williams River
- refurbishment of the existing weir gates on the weir's western side.

Australian Water Association award finalists

NSW Water Awards – March 2024

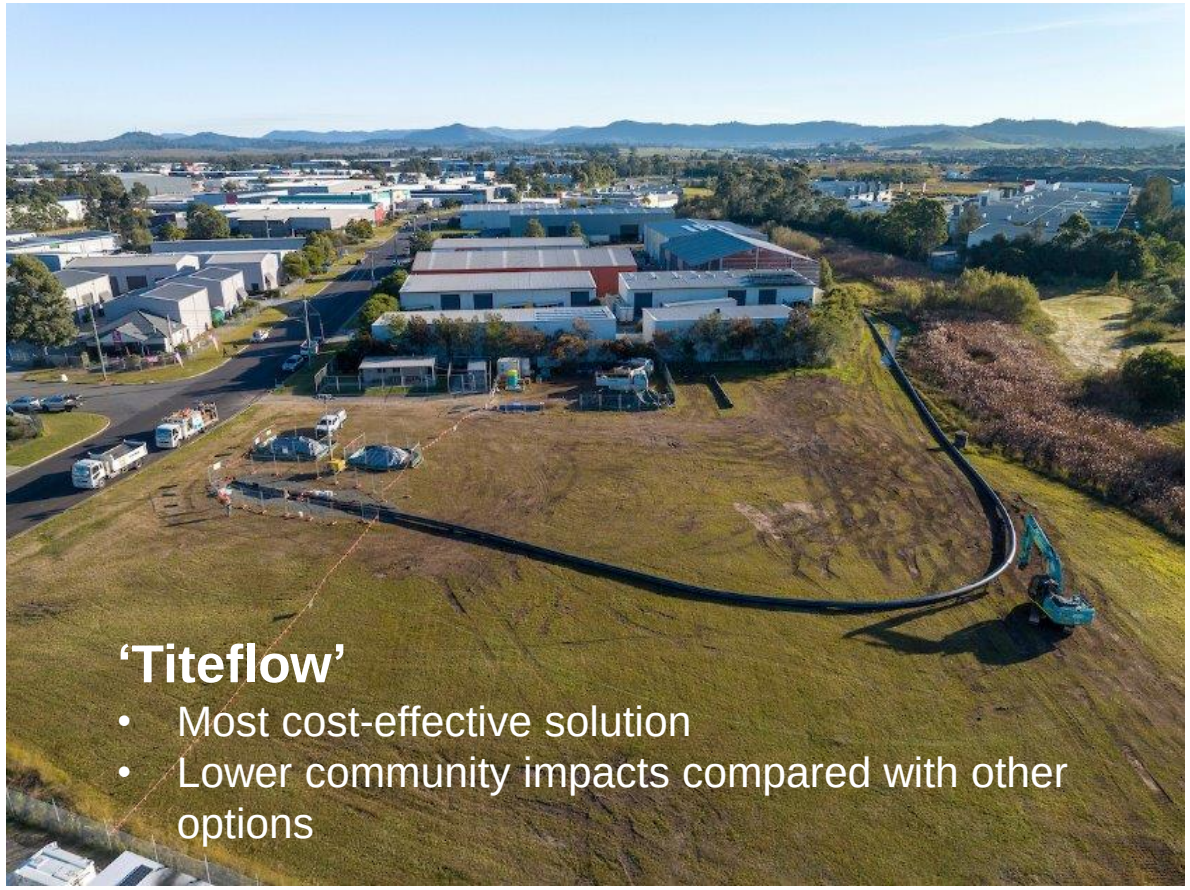
R&D Excellence Award Finalist

Best Practice Sporting Fields – A Guide for Turf Surfaces in the Lower Hunter
Hunter Water, NSW Environment Protection Authority and Peak Water Consulting

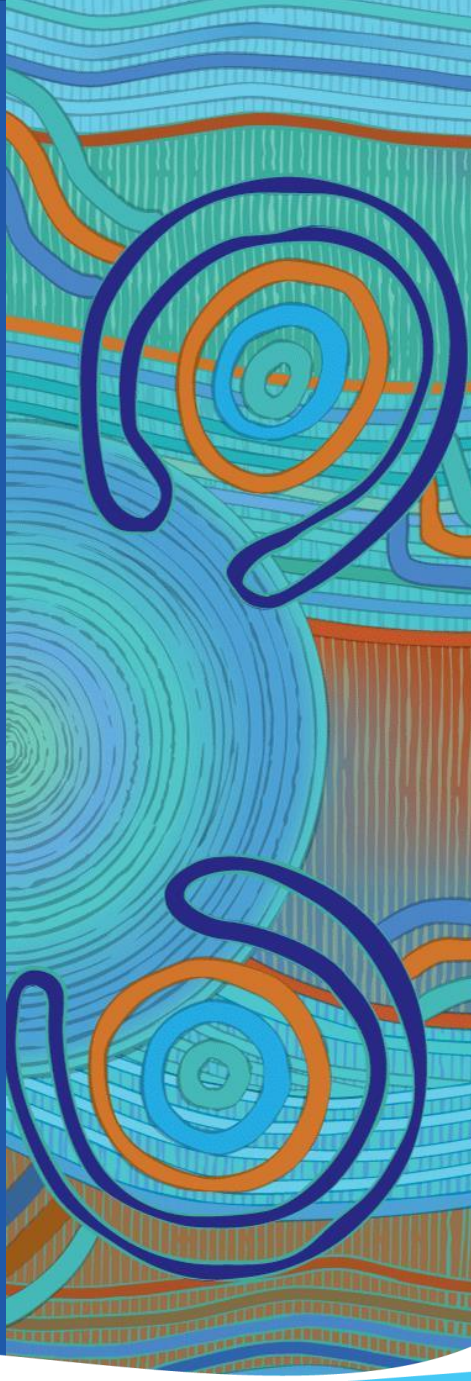
Infrastructure Project Innovation Award (Regional) Finalist

Hunter Water Chemical Dosing Unit Network Upgrade
Hunter Water, Guidera O'Connor, Schneider Electric++

Record-Breaking Rehabilitation of a DN500 Watermain in Rutherford
Hunter Water and Interflow



National Performance Report 2022-23



NPR overview

- *The National performance report (NPR) 2022–23:* compares the performance of 81 utilities and councils and 5 bulk water authorities providing urban water services to over 25 million people across Australia.
- The 2023 Urban NPR is published publicly by the Bureau of Meteorology with information supplied by utilities across Australia.
- There is no one utility that performs well across all indicators. There are also differences amongst utilities in reporting methods and the interpretation of indicator definitions.

Leaks

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Real losses [L/service connection/day]	**69 (8 of 14)**	**64 (7 of 14)**	**67 (9 of 15)**	**83 (13 of 15)**	**24% unfavourable**

- Leakages (real losses) increased by 24% to 83 L per connection per day in 2022-23.
- Hunter Water ranks 13 out of 15 major utilities, following an increase in water main breaks and leaks, including several large breaks during the year.
- Hunter Water's marked improvement over several years peaked in 2020-21, ranking 7 out of 14 major utilities.
- Real losses are forecast to improve to 67 L per connection per day in June 2024.

Significant burst in a water main on the corner of Munibung and Macquarie roads, Cardiff in 2021.

Sewer main breaks and chokes

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Sewer mains breaks and chokes [number per 100km sewer main]	**42.8 (10 of 14)**	**33.60 (9 of 14)**	**27.30 (8 of 15)**	**22.5 (8 of 15)**	**18% favourable**

- Performance has improved markedly year-on-year for the past five years, decreasing from a peak of 50.6 in 2017-18.
- Performance in 2022-23 was influenced by mild climate. Extended dry conditions, like those during the period 2017 to 2020, typically lead to higher breaks and chokes caused by tree root entry to pipes.
- More proactive jetting and use of CCTV was also a factor. This is the best result on record.

Water main breaks and chokes

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Water main breaks [number per 100 km of water main]	**28.3 (9 of 14)**	**20.2 (8 of 14)**	**21.0 (11 of 15)**	**22.0 (11 of 15)**	**5% unfavourable**

- Performance has been relatively stable.
- Changes in weather conditions typically have a greater impact on annual water main break performance than maintenance and renewal programs.

Customer complaints

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Total water and wastewater complaints [number per 1,000 properties]	**3.47 (6 of 14)**	**2.08 (4 of 14)**	**1.79 (2 of 15)**	**1.84 (4 of 15)**	**3% unfavourable**

- Total water and wastewater complaints: Billing complaints increased by 57%, predominately due to cost-of-living pressures driving an increase in customers disputing water consumption volumes.
- This was offset by a lower number of water quality and sewer service complaints.
- Recent improvements to reduce complaints include the introduction of the new billing system (Velocity) and e-billing, better meter reading software (improved bill accuracy) and more proactive bill validation.

Unplanned interruptions

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Average duration of an unplanned interruption - water [minutes]	151 (9 of 12)	155 (9 of 13)	138 (8 of 14)	129 (6 of 14)	7% favourable
Unplanned interruptions - water [number per 1,000 properties]	276 (12 of 13)	202 (12 of 13)	242 (13 of 14)	240 (13 of 14)	1% favourable

- **Average duration** of unplanned water interruptions **decreased by 7%**, from 138 to 129
- This is the best performance since 2013-14, partly attributed to maintaining the availability of first responders and on-call crews to respond swiftly to outages.
- **Number of unplanned interruptions** was stable, but Hunter Water remains the second lowest performer behind Perth Water Corp.

Pricing indicators

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Annual bill based on 200kL/a (water & wastewater) [$]	**1,437 (7 of 13)**	**1,354 (7 of 13)**	**1,317 (8 of 14)**	**1,298 (8 of 14)**	**1% lower**
Typical residential bill (based on average residential water supplied) [$]	**1,319 (5 of 13)**	**1,218 (6 of 13)**	**1,185 (8 of 14)**	**1,171 (8 of 14)**	**1% lower**

- Hunter Water customers' **annual bills** were the lowest of all major utilities in 2014-15. Bills are still nearly the same in real terms as a decade ago. Over this period, the bills of other utilities have fallen in real terms, driven by a lower cost of capital. Hunter Water has materially increased real capital and operating expenditure and regulatory depreciation over the last five years.
- **Typical residential bill** using the average volume of water supplied (water & wastewater) now ranks 8th out of 14 major utilities.

Pricing indicators

Measure	2019-20 value (rank)	2020-21 value (rank)	2021-22 value (rank)	2022-23 value (rank)	Absolute change from 2021-22 (%)
Combined operating cost - water and wastewater [$/property]	**777 (3 of 14)**	**722 (3 of 14)**	**696 (2 of 15)**	**692 (1 of 15)**	**0.5% decrease**

- Hunter Water now ranks number one nationally for water and wastewater operating costs per property (i.e. the lowest operating costs)
- The result demonstrates Hunter Water's efficient provision of services, focused on delivering customer value.
- Hunter Water's strong relative operating cost performance will be considered in demonstrating efficiency in the upcoming IPART pricing proposal.

Key strengths and opportunities

- Hunter Water performed **above** the median for major utilities for:
  - operating costs
  - customer complaints
  - residential water consumption
  - rectifying unplanned water interruptions.

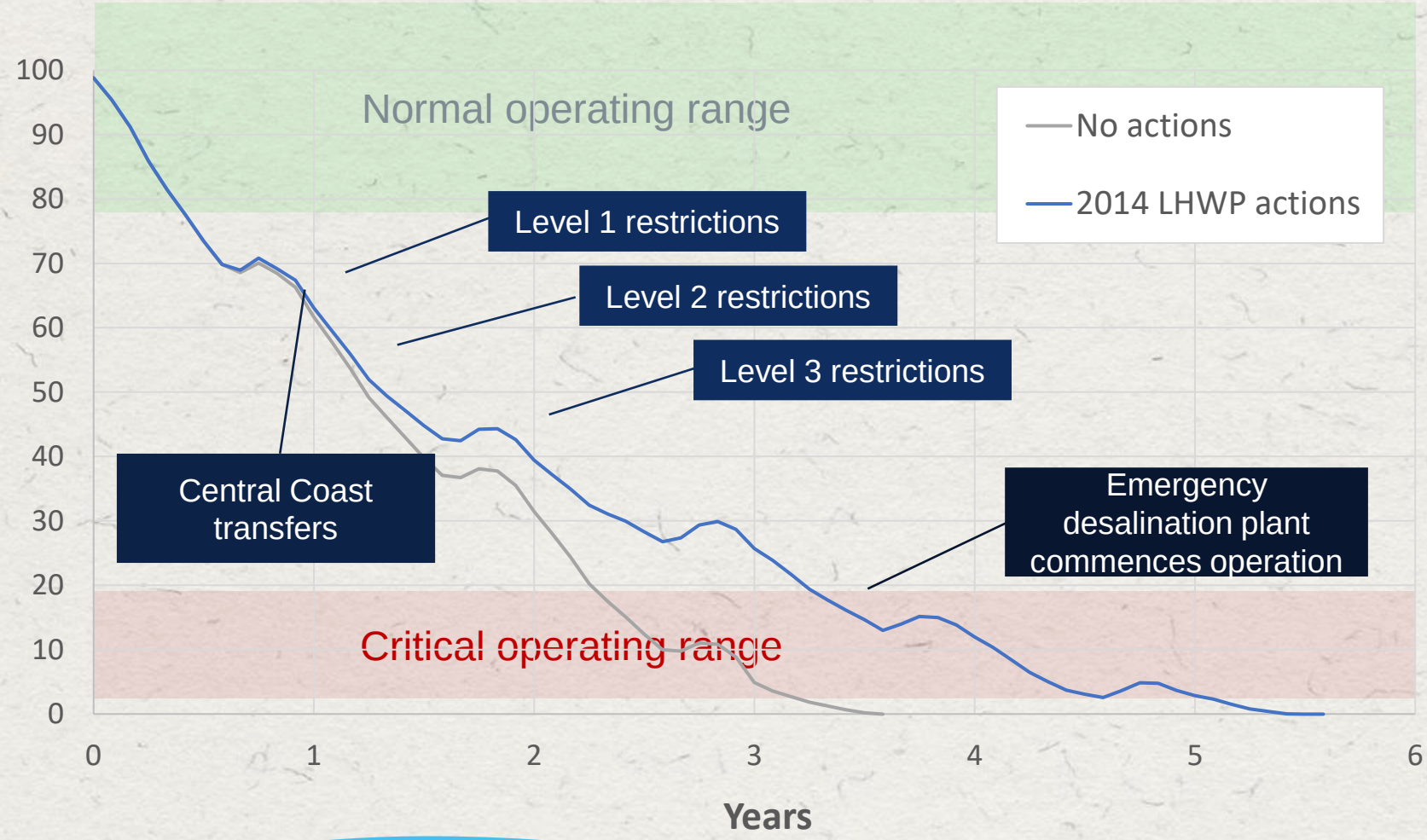
- Performance was **below** the median for major utilities for:
  - leaks
  - the frequency of unplanned water interruptions
  - sewer main breaks and chokes

  However, Hunter Water is showing positive year-on-year performance improvements for these indicators.

General discussion

BELMONT DESALINATION PLANT

EXISTING SUPPLY



BELMONT DESALINATION PLANT

Lower Hunter Water Plan

2014

2015

2016

Site selection

2017

2018

EIS development and readiness activities

2019

EIS submitted for planning approval

Drought response desal 15M/L day

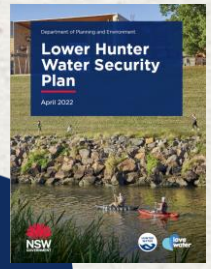
Drought response desal 30M/L day

2020

EIS amendment

2021

Planning approval obtained



2022

Lower Hunter Water Security Plan

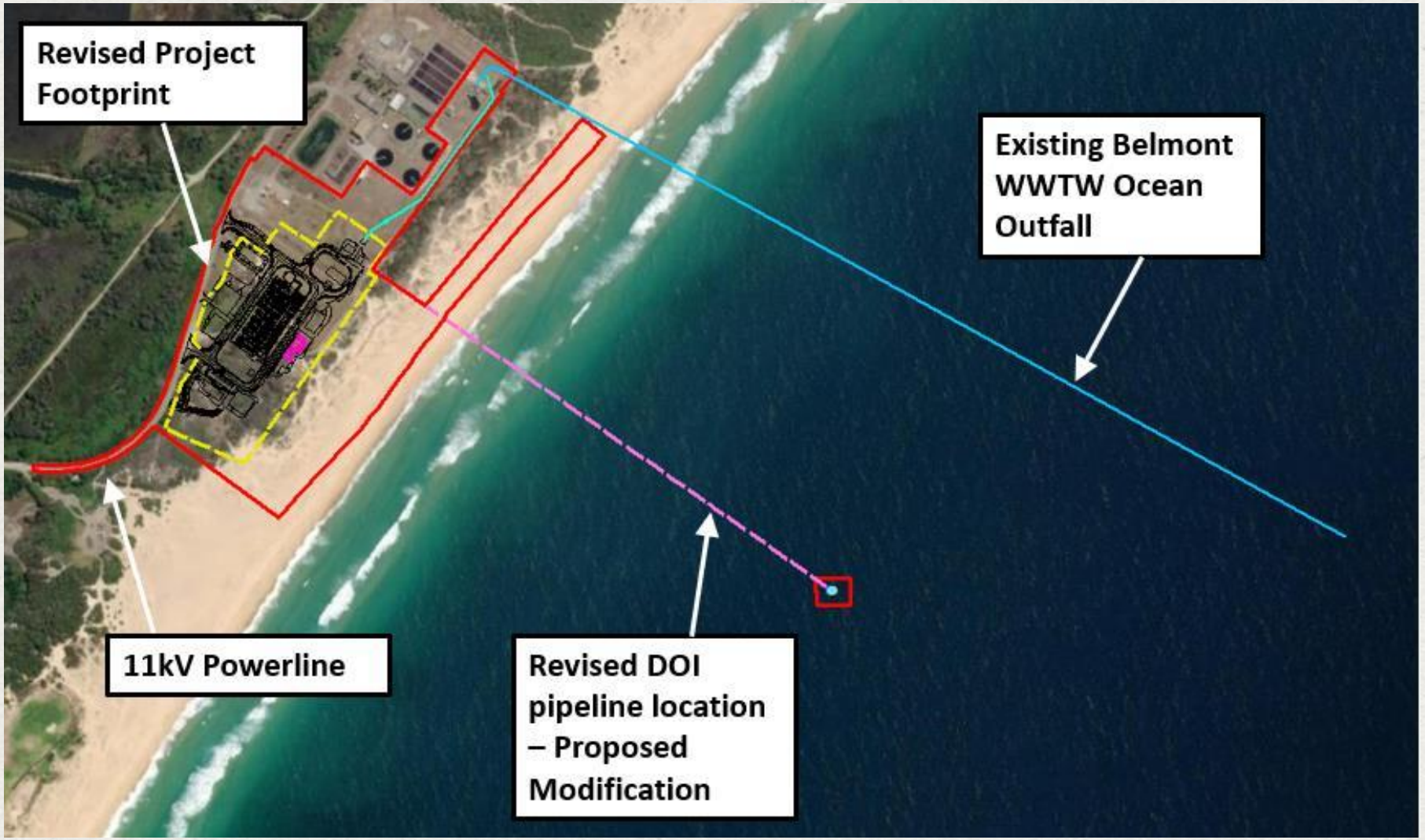
2023

2024

EIS modification

Permanent desal 30M/L day

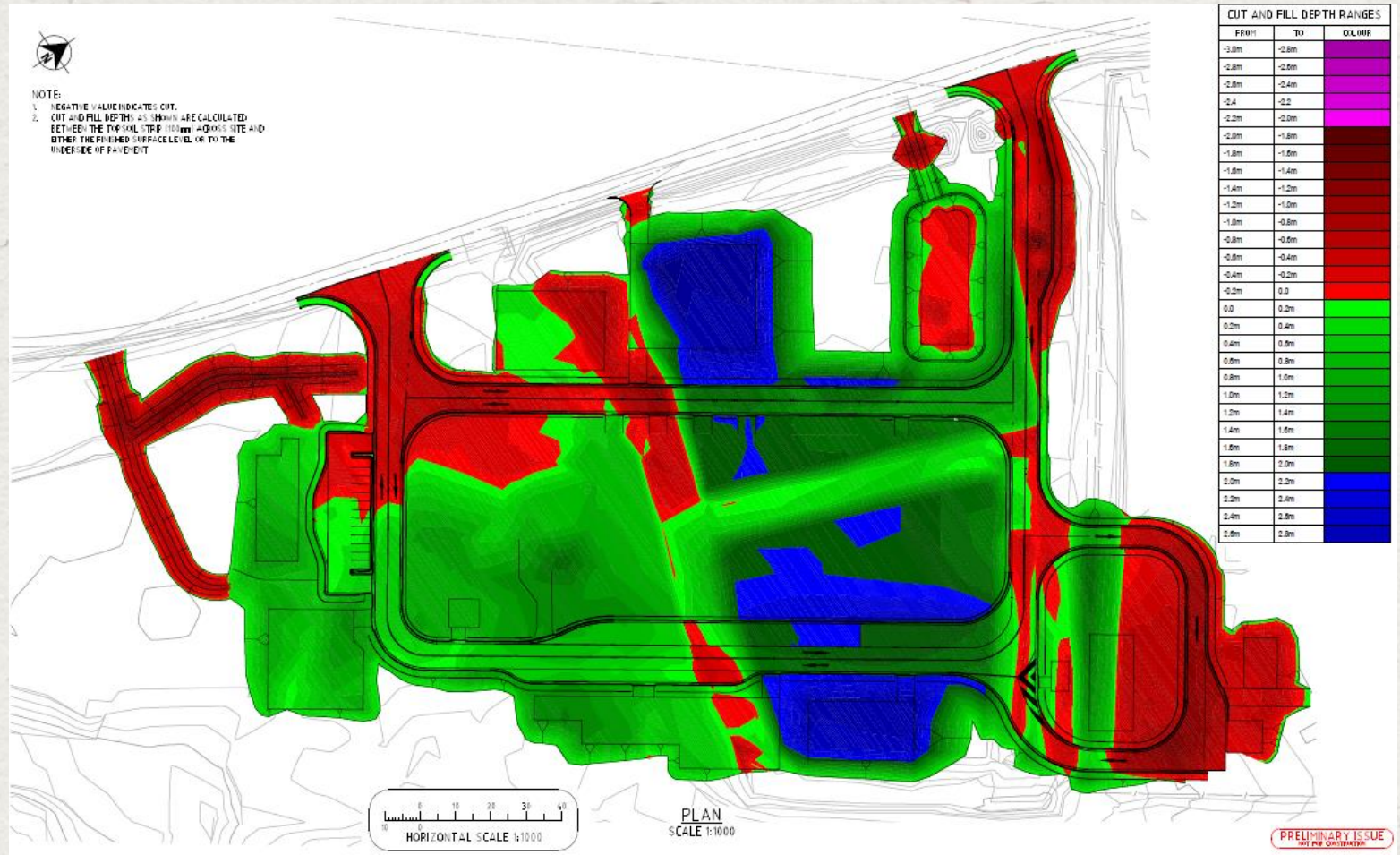
WHAT IS PROPOSED TO CHANGE



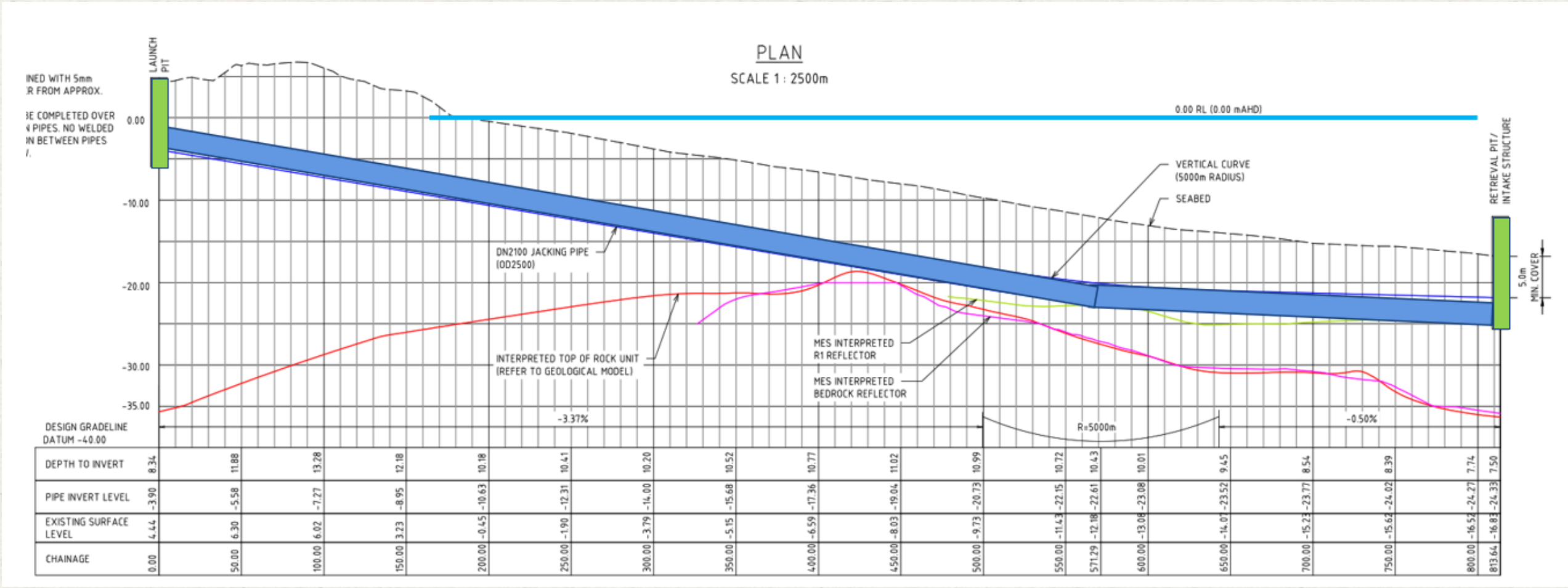
WHAT IS PROPOSED?

INCREASE SITE LEVEL – 1 IN 100 YR.

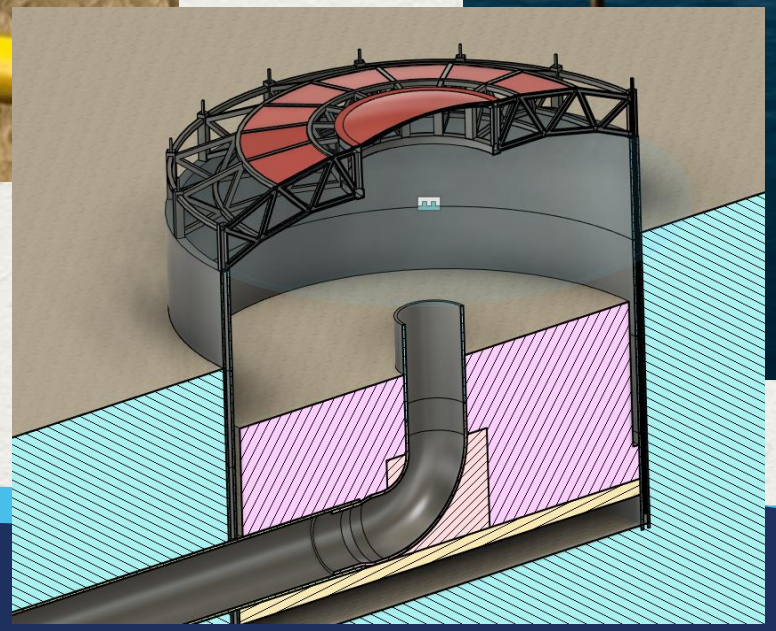
- Changing climate conditions and flooding.
- Site to 3.3m AHD
- Raise up to 2m
- Additional construction traffic for fill materials



UNDER THE OCEAN



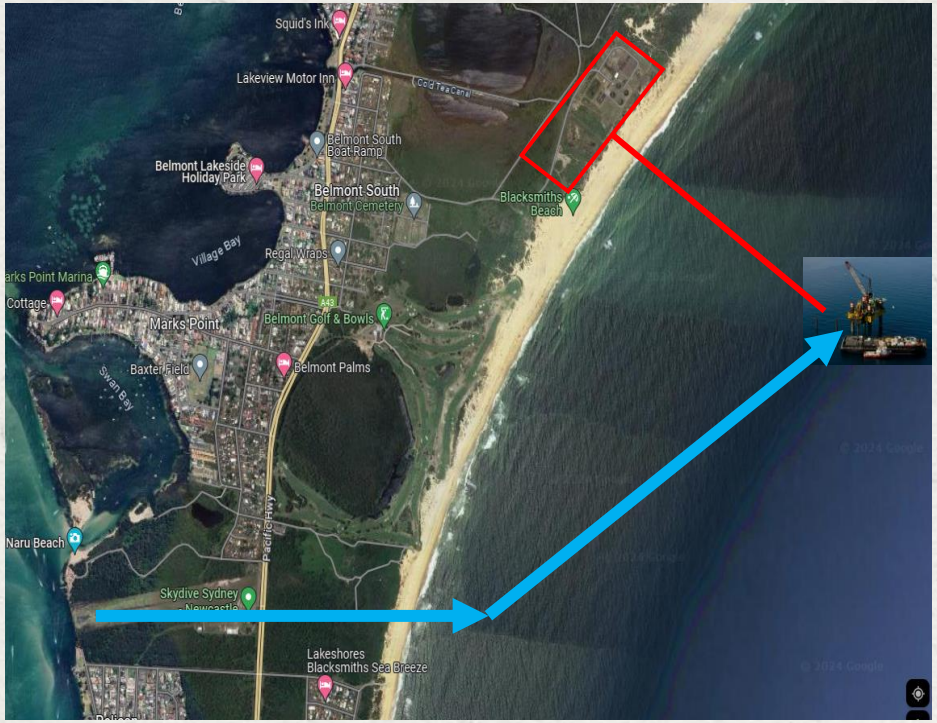
OCEAN INLET

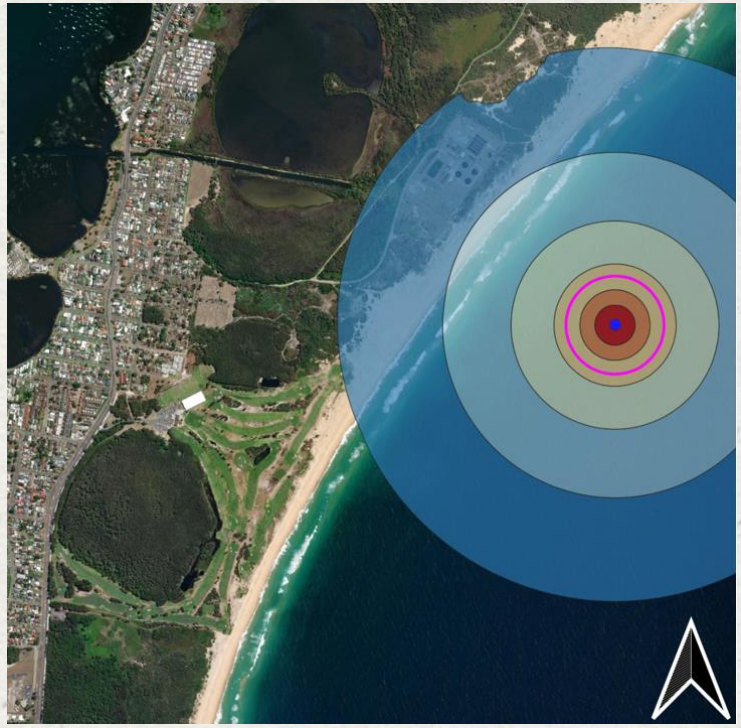


NOISE ASSESMENT

24/7 site operation for inlet pipe

Some early morning starts to avoid wind





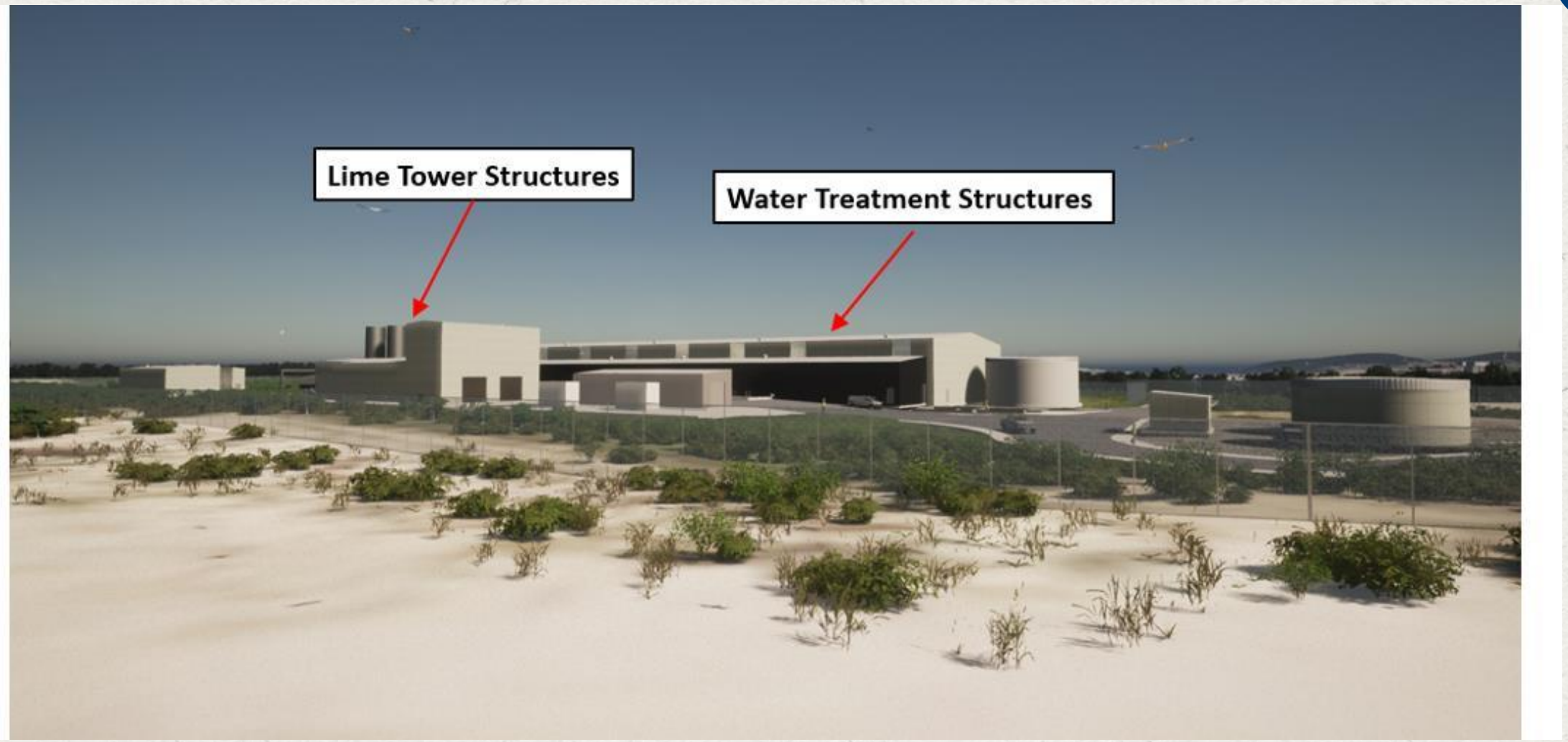
Flight path noise from helicopters to the jack up barge in the ocean

TRAFFIC

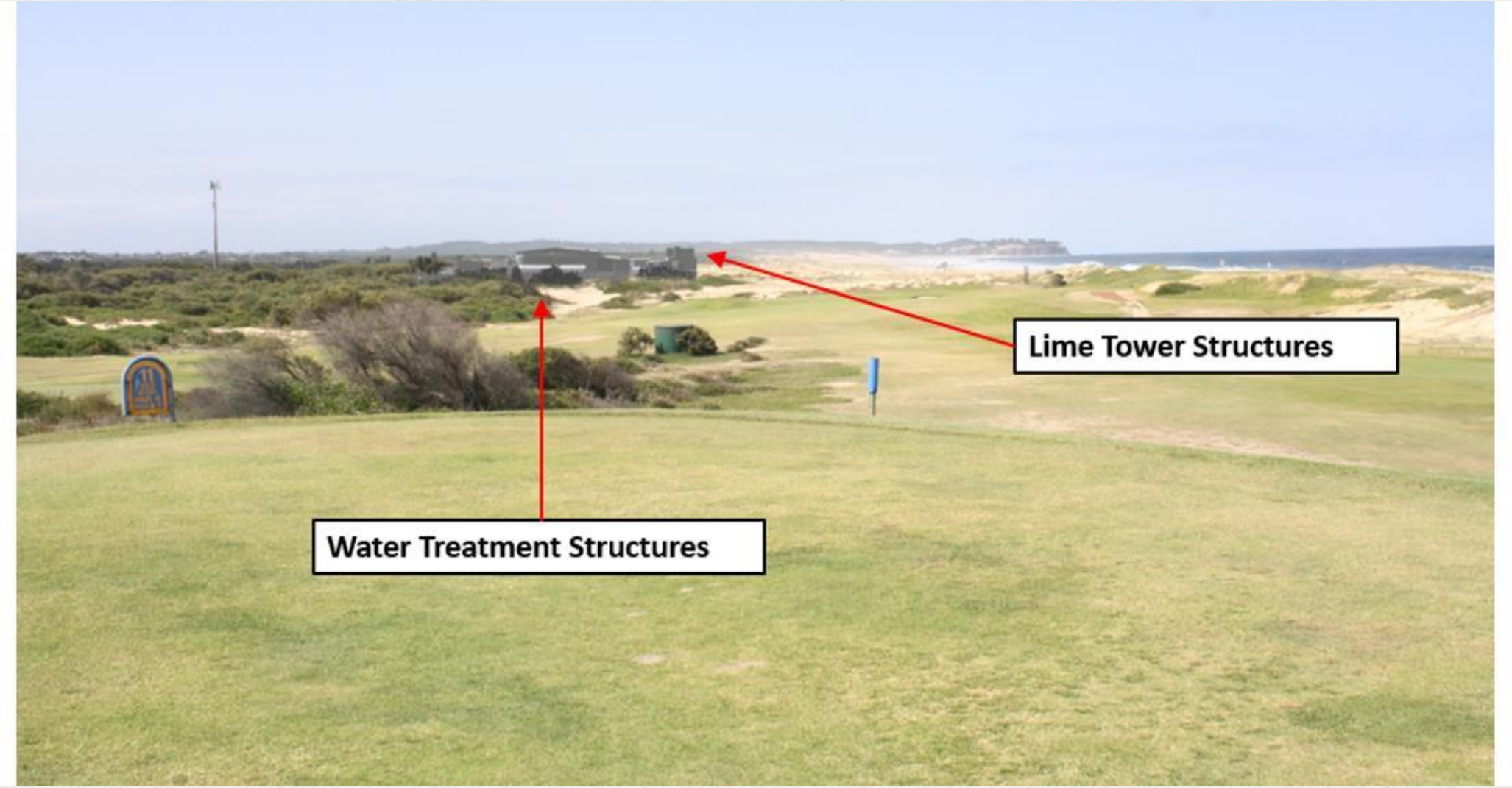

A43
PACIFIC H
MCEWAN ST
PALEY CR
ETHEL ST
CLARA
ARTHUR ST
THOMPSON ST
EMILY ST


Beach St

VISUAL IMPACT



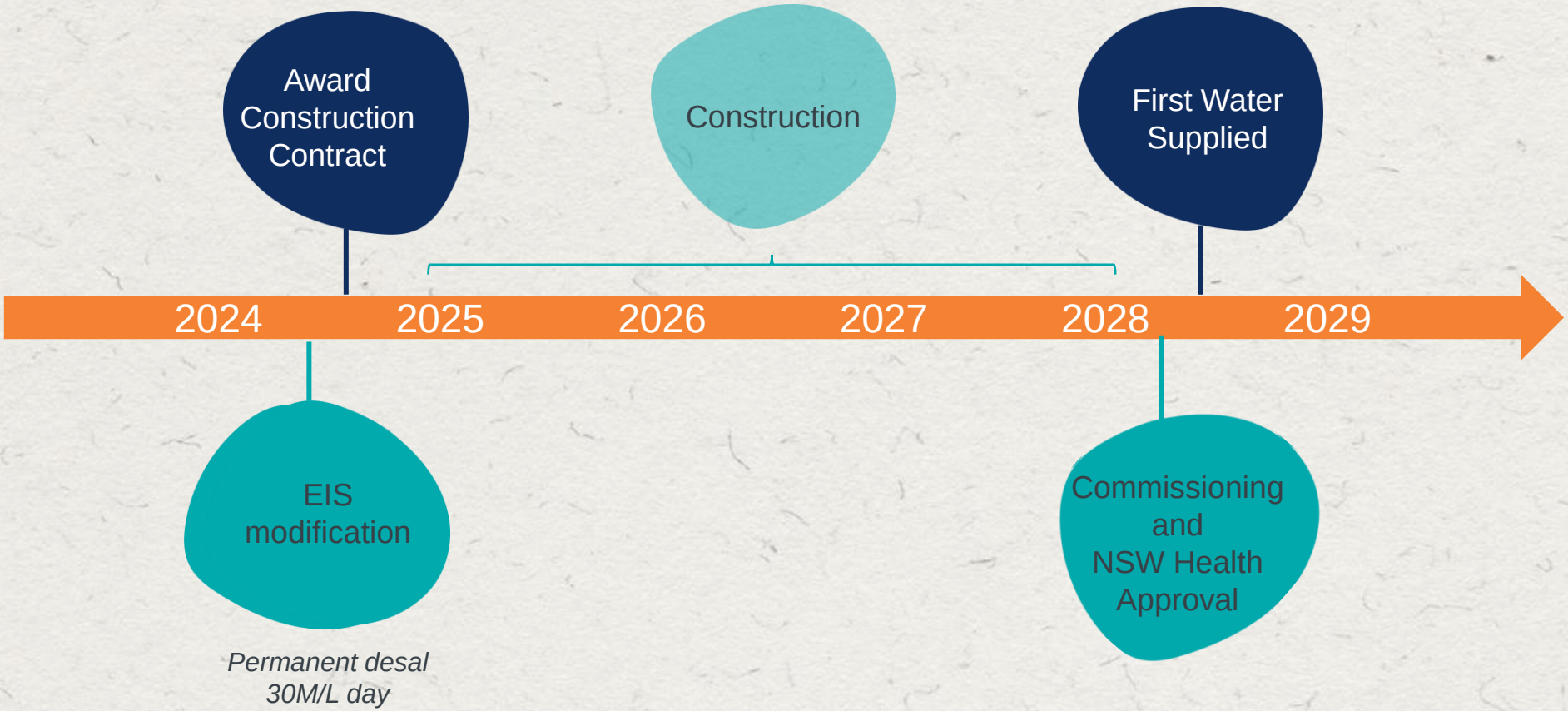
VISUAL IMPACT



WATERMAINS

- 1.2km 500mm watermain along Ocean Park Road
- 6.8km 600mm watermain through Belmont State Park to Jewells

BELMONT DESALINATION PLANT



THANK YOU

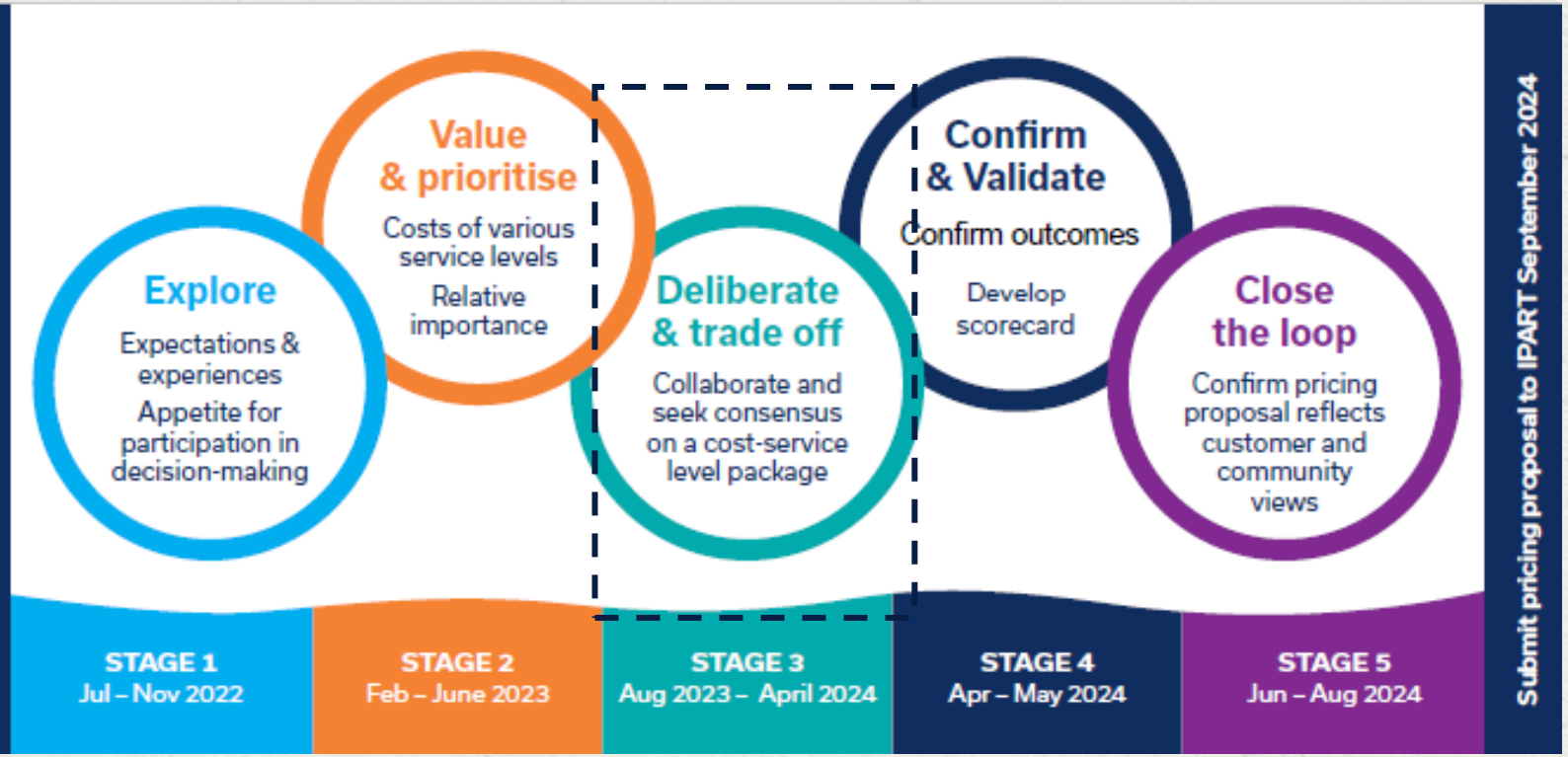
STAGE 3 PRICING PROPOSAL OUTCOMES OVERVIEW

Emma Berry, Executive Director Strategy and Engagement.

COMMUNITY ENGAGEMENT PRICE PROPOSAL PROGRAM

Examples of previous and ongoing engagement 2018-2023

- Customer experience monitoring
- Quarterly community survey
- Vulnerability
- Performance standards & rebates
- Lower Hunter Water Security Plan
- Customer journey mapping



OUR CHALLENGE AND PROMISE

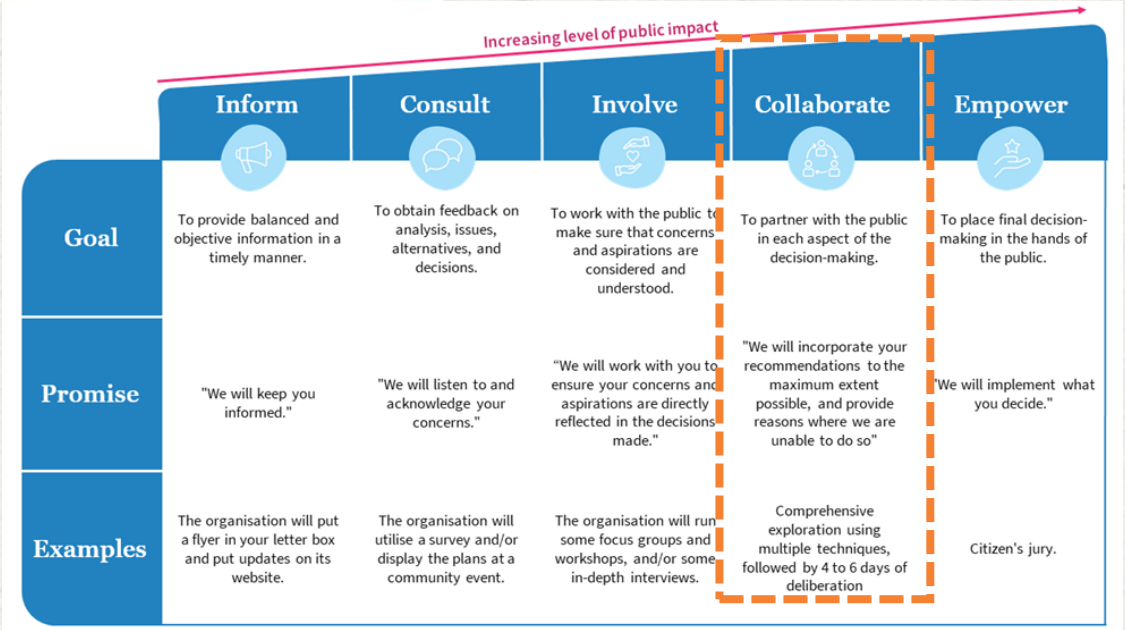
Our challenge

Hunter Water's costs of providing water services are increasing.
These higher costs will be passed on to customers through increased prices.
We are also faced with some important decisions that will impact customer bills.

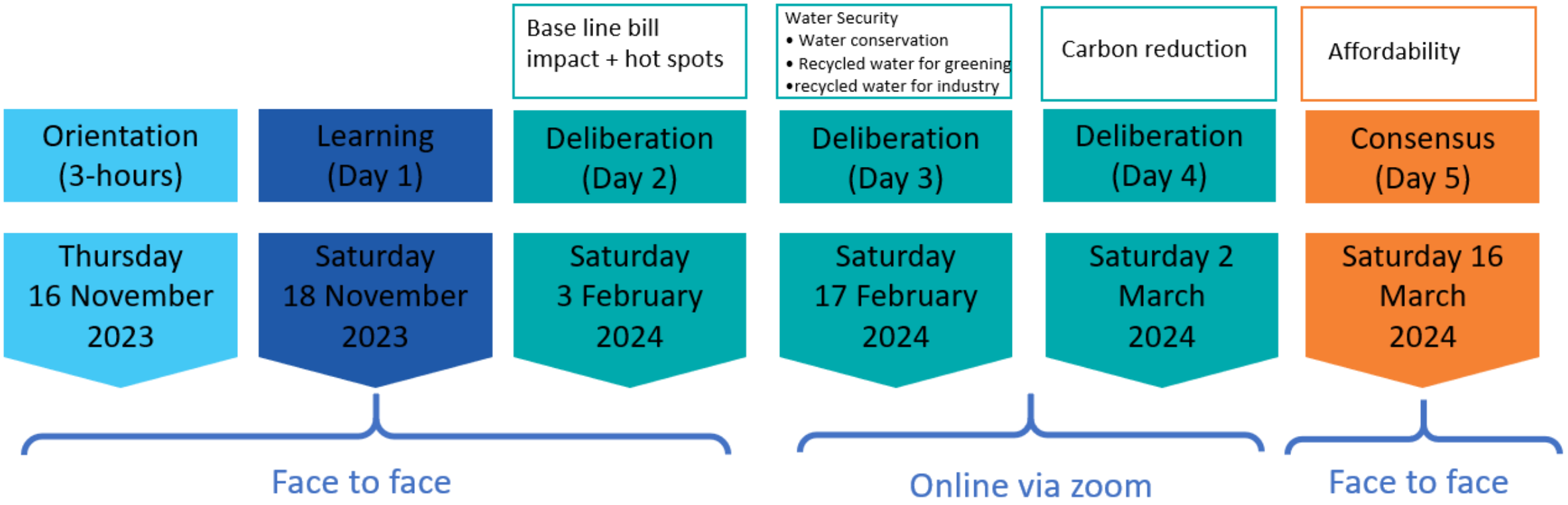
How do we balance providing reliable, high-quality services while protecting the environment, and creating a positive legacy for future generations, and keeping prices affordable?

We promise to incorporate our community's recommendations to the maximum extent possible

IAP2 Spectrum of Public Participation



STAGE 3 - DELIBERATIVE FORUM ROAD MAP



We based our approach to the deliberative stage on the OECD Guidelines for Deliberative Democracy

Aging assets

Growing community

OUR CHALLENGE

Our costs of providing water services are increasing

These higher costs will be passed on to customers through increased prices

How do we balance providing reliable, high-quality services while protecting the environment,

and creating a positive legacy for future generations,

and keeping prices affordable?

Climate variability & change

Cost of living & equity for future bill payers

ANNUAL HOUSEHOLD WATER AND WASTEWATER BILLS NEED TO INCREASE BY AN ESTIMATED $56 PER YEAR, EVERY YEAR

- Customer prices will need to increase, even to deliver the same level of service that we currently provide.

$1,340 now (in 2023-24) → $1,620

Before inflation

- Prices will also increase by inflation each year.
- These are estimates, based on factors that may change (like interest rates).
- Any changes above inflation still need to be reviewed and approved by IPART. We are seeking your recommendations on topics that could add more to bills (above the $56 per year, every year).

Notes:
1. Bill calculated for a household in an owner-occupied house using 181 kilolitres of water per year, receiving water and wastewater services.
2. Around one third of our customer base also receive stormwater services. For these customers, the base bill increase would be $15 per year higher every year. This is $75 higher in year 5 (2029-30), before inflation)

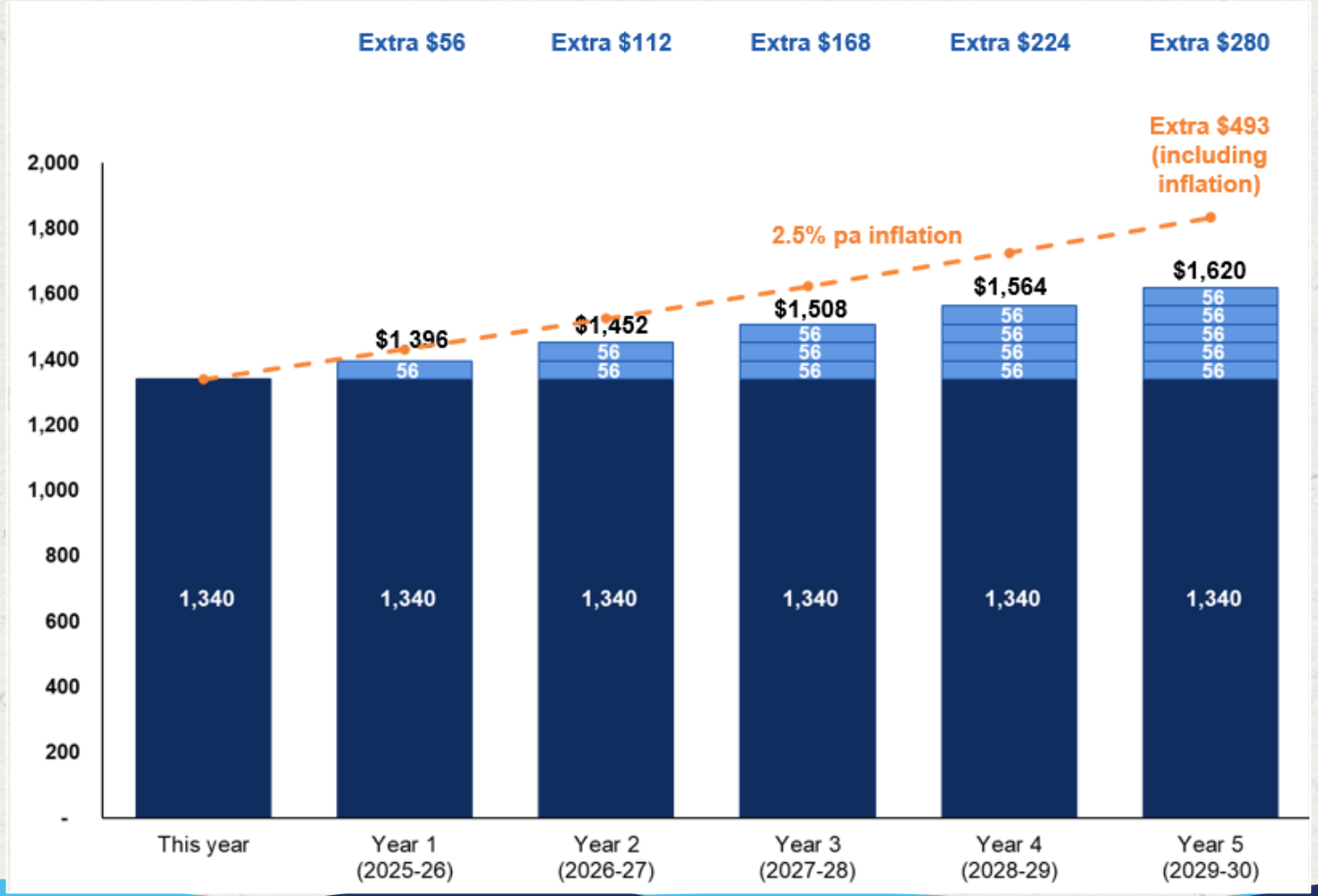
ANNUAL HOUSEHOLD WATER AND WASTEWATER BILLS NEED TO INCREASE BY AN ESTIMATED $56 PER YEAR, EVERY YEAR

- Customer prices will need to increase, even to deliver the same level of service that we currently provide.

$1,340 now (in 2023-24) → $1,833

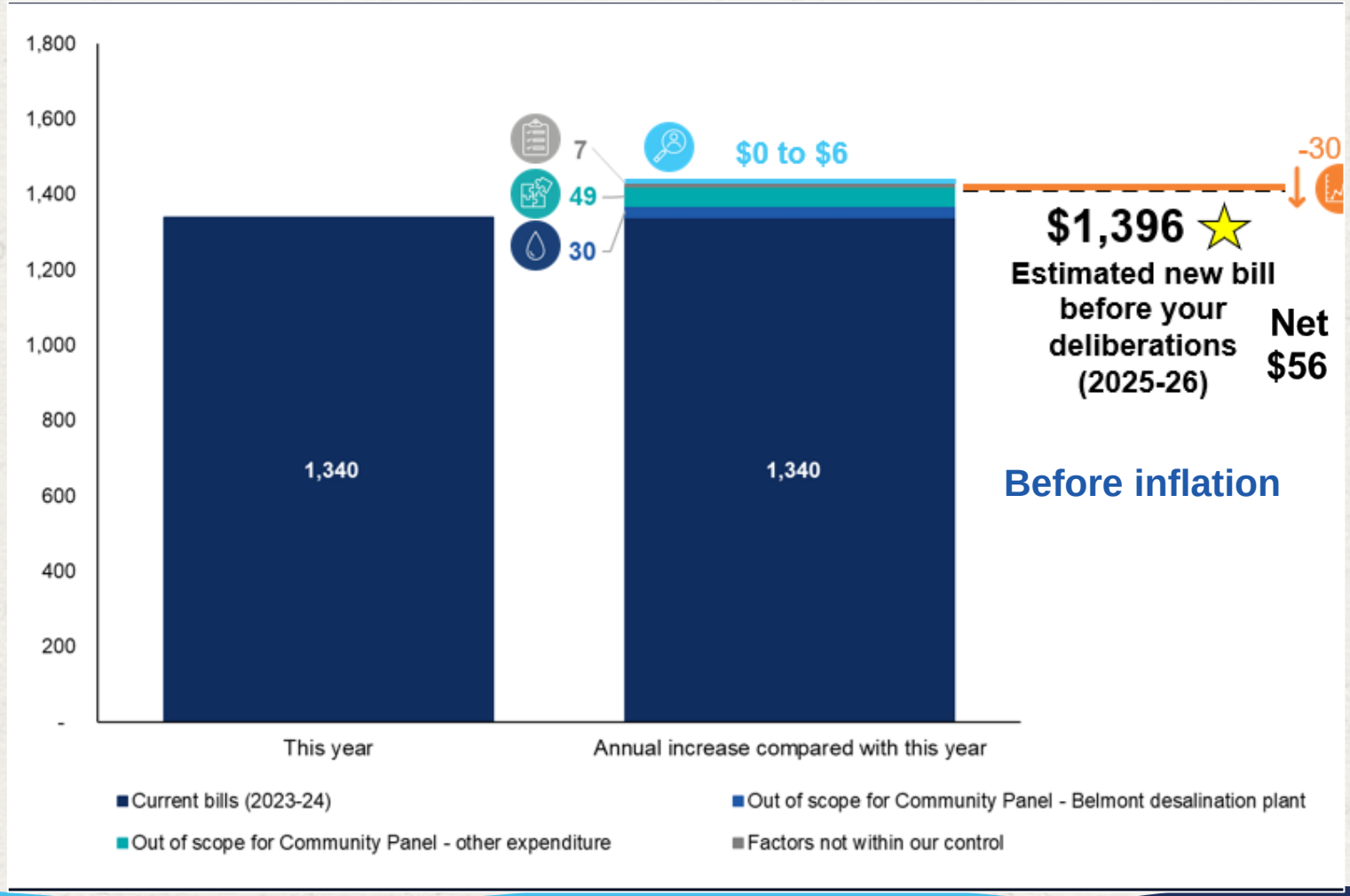
After inflation

- Using RBA guidance of inflation of 2.5% per year.
- These are estimates, based on factors that may change (like interest rates).
- Any changes above inflation still need to be reviewed and approved by IPART. We are seeking your recommendations on topics that could add more to bills (above the $56 per year, every year).



Notes:
1. Bill calculated for a household in an owner-occupied house using 181 kilolitres of water per year, receiving water and wastewater services.
2. Around one third of our customer base also receive stormwater services. For these customers, the base bill increase would be $15 per year higher every year. This is $75 higher in year 5 (2029-30), before inflation)

WHAT'S CAUSING THE ESTIMATED $56 INCREASE PER YEAR, EVERY YEAR?



+$86

$30 — Estimated increases to the average bill 2025-30 driven by **factors out of scope,** addressing growing water security risks and reflective of previous input from our community **(Belmont desalination plant)**

$49 — Estimated increases to the average bill 2025-30 driven by **factors out of scope,** including essential expenditure to comply with laws and regulations

$7 — Estimated increases to the average bill 2025-30 driven by **external factors not within our control** including increasing WACC (interest rates)

-$30

-$30 — Estimated decreases to the average bill 2025-30 driven by **efficiencies, asset lives and phased reintroduction of developer charges**

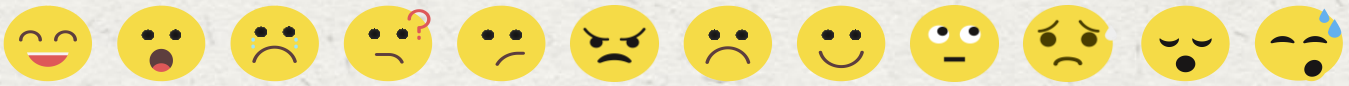
$0 to $6 — Estimated increases to the average bill 2025-30 driven by **topics in scope for the Community Panel**

Notes:
1. Bill calculated for a household in an owner-occupied house using 181 kilolitres of water per year, receiving water and wastewater services.
2. Around one third of our customer base also receive stormwater services. For these customers, the base bill increase would be $15 per year higher every year. This is $75 higher in year 5 (2029-30), before inflation)

Customer reception to the baseline bill impact

We heard a range of initial reactions:

- *When do we get to make some decisions?*
- *It's ok given what's going on in the world.*
- *Isn't too much given how much other bills are increasing.*
- *It's a lot for a one-person household to pay*
- *Is one desalination plant enough?*
- *Hunter Water asleep at the wheel. Surely, they can do better.*
- *$0 - $6 isn't enough on the table*
- *Feel good because Hunter Water is planning for the future*
- *I understand the context now*



WHO ARE THESE PEOPLE ANYWAY?

37 PARTICIPENTS

Gender

22 MALE

15 FEMALE

Tenure

2 Tenant

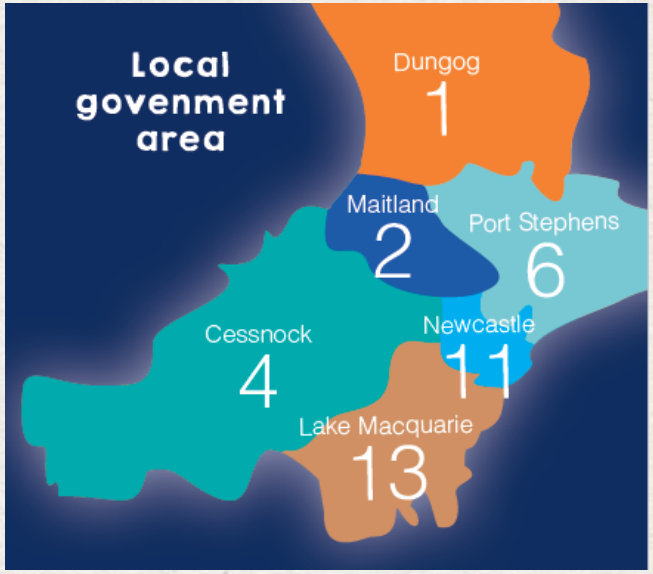
35 Owner occupier

Type of customer

Residential 35

Business/both 2

Local govenment area



Age ranges

18-29	0
30-39	6
40-49	5
50-59	10
60-69	10
70-79	6
80 plus	0

Education attainment

High school education	5
Certificate level	5
Diploma level	7
Bachelor or higher	19
Other	0
Prefer not to say	1

Concession card holder

Yes ✓ 13

Aboriginal and/or Torres Strait Islander

Yes ✓ 3

Non-English speaking background

Yes ✓ 5

HUNTER WATER

Living with a Hot Spot Issue

PANEL FINAL RECOMMENDATIONS – HOT SPOTS

PANEL FINAL RECOMMENDATIONS – WATER CONSERVATION

WATER CONSERVATION FINAL RECOMMENDATIONS

Q1

WHEN IS IT APPROPRIATE TO PAY MORE TO SAVE WATER THAN WATER IS WORTH?

TO SECURE RESOURCES FOR FUTURE GENERATIONS

WHEN SUPPLY IS COMPROMISED

Q2 & 3

PREFERRED OPTION FOR CONSERVING DRINKING WATER?

SAVE WATER by REDUCING LEAKS IN OUR SYSTEM

* RANGE OF INVESTMENT OPTIONS
* ASSIST & ENCOURAGE HOUSEHOLDS & BUSINESSES TO USE LESS WATER

Q4

SHOULD HOUSEHOLDS SUBSIDISE RECYCLED WATER TO MAKE IT ATTRACTIVE FOR INDUSTRIAL USERS?

HOUSEHOLDS SHOULD NOT BE EXPECTED TO PAY ADDITIONAL $$$ FOR INDUSTRIAL USES

* MAY INVEST IN RECYCLED WATER IF CHEAPEST WAY TO MEET REQUIREMENTS FOR OUR COMMUNITY

HUNTER WATER COMMUNITY PANEL - 16.03.24

= HW RESPONSES

PANEL FINAL RECOMMENDATIONS – CARBON REDUCTION

CARBON REDUCTION FINAL RECOMMENDATIONS

Q1. HOW IMPORTANT IS THE ISSUE OF OUR CARBON EMISSIONS?

MUST MEET MIN. NSW GOV'T STANDARDS... ✓

BUT LESS IMPORTANT THAN CLEAN DRINKING WATER FOR ALL.

(WHICH CAN BE ENDANGERED by CLIMATE CHANGE)

Q2 & 3 WHEN SHOULD WE ACHIEVE NET Ø? HOW MUCH SHOULD WE REDUCE OUR CARBON EMISSIONS by 2030?

NET Ø - 2050 — OUR ORIGINAL TARGET WAS NZ by 2035 (REVISIT BEFORE NEXT PRICE PERIOD)

✓ by 75% - 2030 → RENEWABLE ENERGY

! NOT CARBON CREDITS!

* USE of NEW TECH IF AVAILABLE

* IF EARLIER, GREAT!

→ TREE PLANTING

Q4. WHAT ELSE SHOULD WE KEEP IN MIND RE: CARBON POLLUTION REDUCTION?

ACTIVELY INVESTIGATE NEW TECHNOLOGY, WHILE KEEPING SERVICES AFFORDABLE

✓ WE WILL CONTINUE TO DO THIS

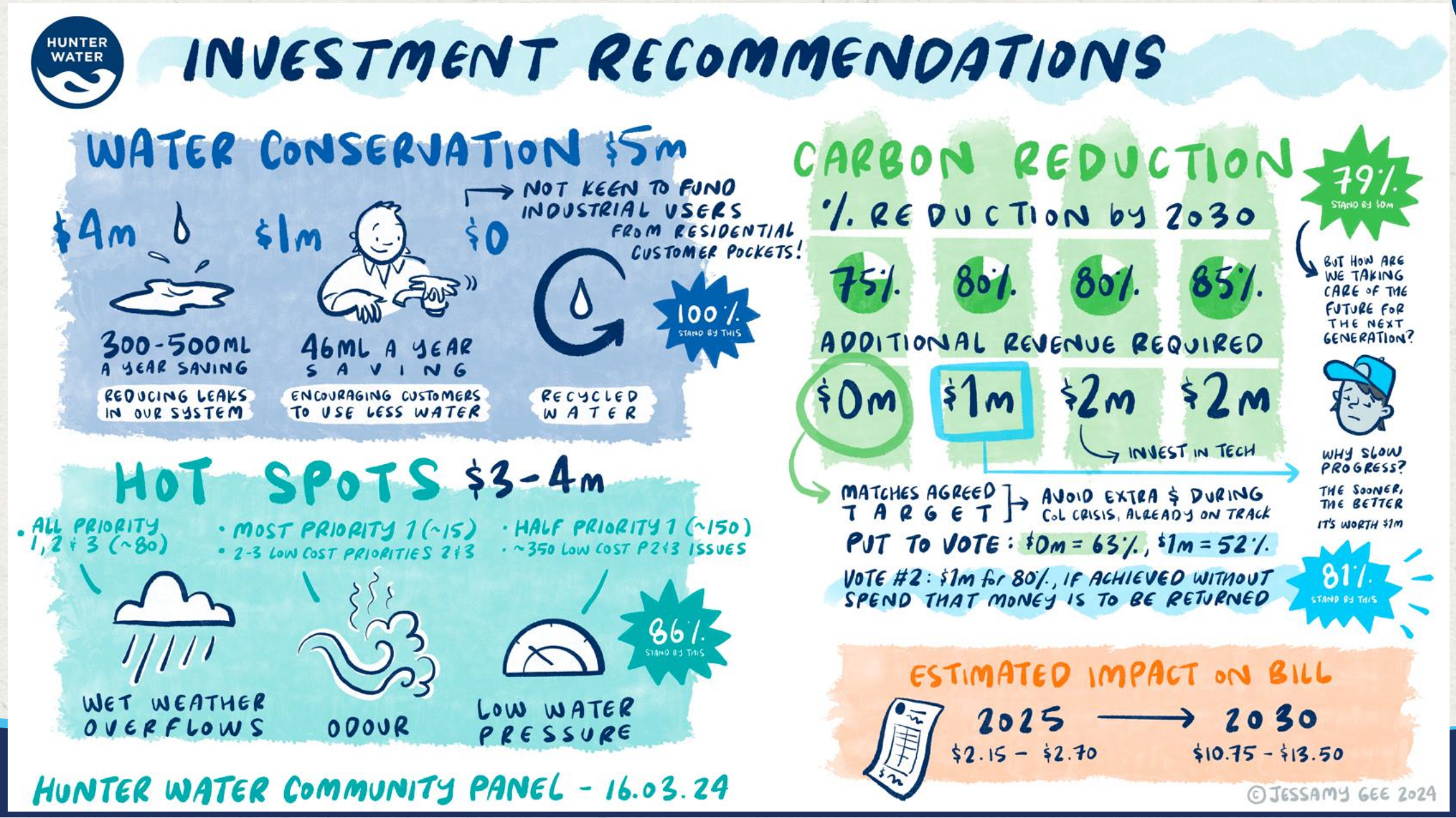
KEEP ABREAST OF PUBLIC SENTIMENT AND TRENDS (BOTH IN AUSTRALIA & OVERSEAS)

IF WITHIN TARGETS, NO ADDITIONAL COST REQUIRED

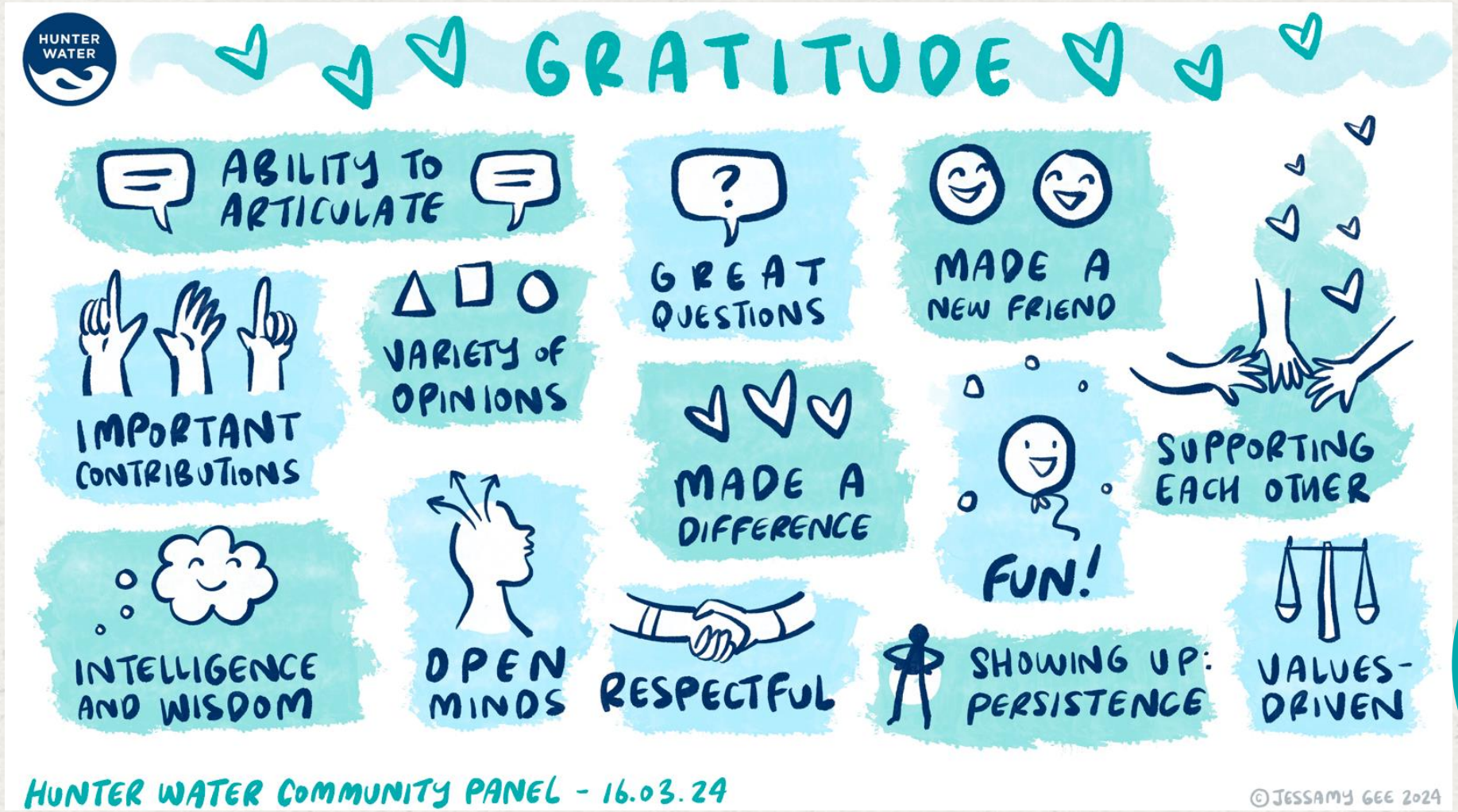
✓ CONTINUE TO PURSUE MOST COST-EFFECTIVE OPTIONS, INC. CO-BENEFIT CONSIDERATIONS

HUNTER WATER COMMUNITY PANEL - 16.03.24 = HW RESPONSES

FINAL RECOMMENDATIONS – LEVELS OF INVESTMENT



FEEDBACK ON PROCESS



[Hunter Water has] *"undertaken a valid, robust process and have invested the effort in good faith."*
- Douglas McCloskey (PIAC)

[Hunter Water has] *"shown commitment in investing time and effort to build understanding."*
- Roberta Ryan (CEAP)

"I was particularly impressed by the presence of Exec and Board members and their accessibility [to the panel members]*."*
- Brad Webb (CEAP)

NEXT STEPS – STAGE 4