



Hunter Water Customer and Community Advisory Group

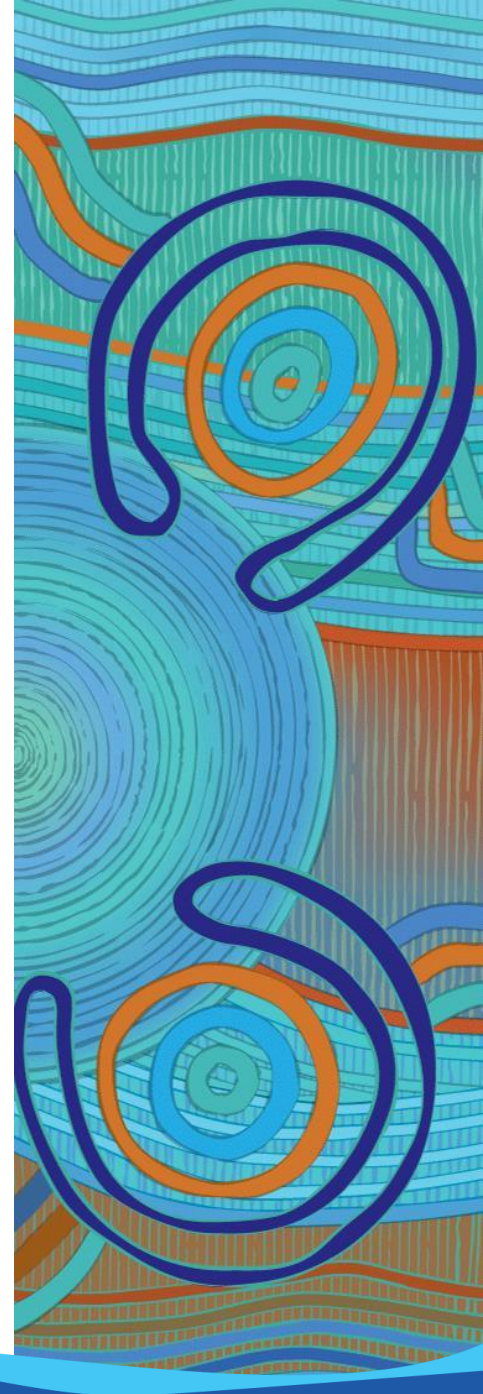
Tuesday 28 February 2023



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





Our current storage

Our water levels drop faster than most other major Australian urban centres during hot, dry periods because we have shallow water storages and high evaporation rates. Below is a snapshot of our current storage levels today.

94.4%

AS AT 26 FEB 23

↑ 1.5%

1 WEEK AGO

↓ 0.2%

1 MONTH AGO

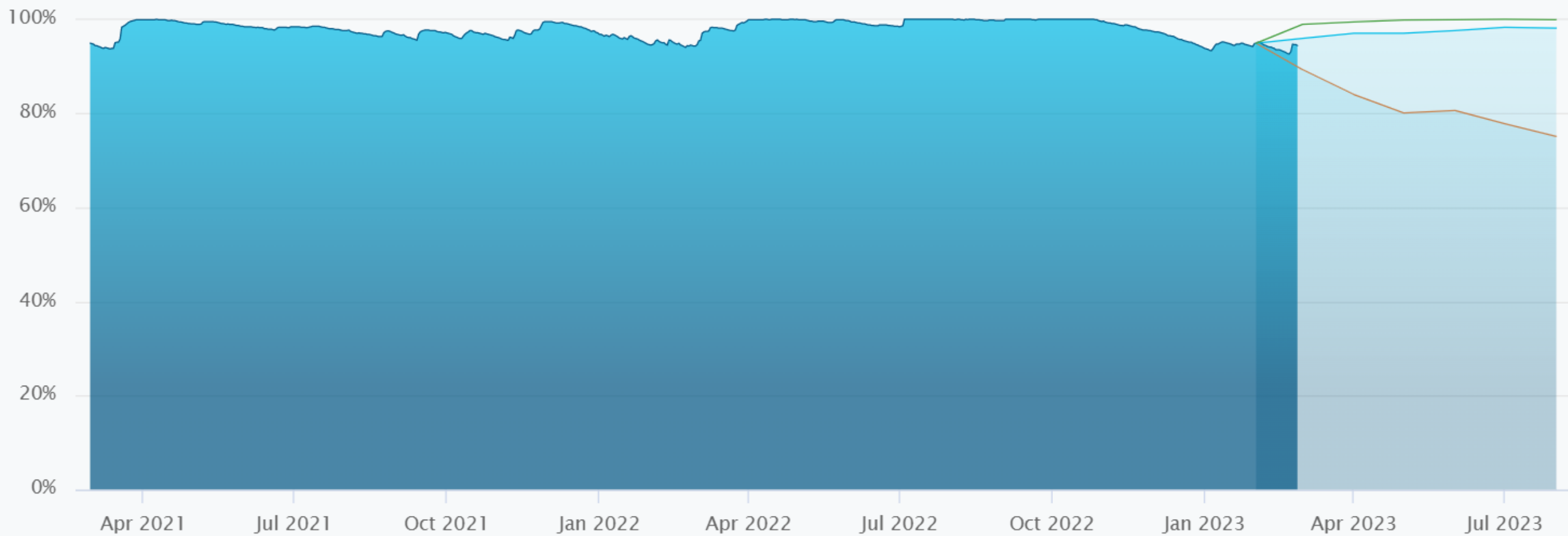
↑ 0.0%

1 YEAR AGO

[VIEW DETAILED HISTORY AND FORECASTS](#)

Historical water storage levels

AS AT 26 FEBRUARY 2023





In the media:

Pursuing the Lower Hunter's long-term water security actions



Hunter Water is progressing with two significant projects while water storages are full and time is on the region's side, so the necessary water supply infrastructure can be built to secure the region's water future.

Hunter Water has been advancing the Lower Hunter Water Security Plan (LHWSP) actions, including the on-site investigations and designs for the Belmont desalination plant and potential connection to the Lostock Dam-Glennies Creek Dam pipeline scheme.

Hunter Water has appointed John Holland Group to start detailed technical investigations and designs for the desalination plant, with work continuing on Hunter Water-owned land and in the ocean.

In parallel, Hunter Water is partnering with Water Infrastructure NSW to investigate options to extract water from the Paterson River, released by Lostock Dam for supply into Hunter Water's drinking water network. This proposal would involve a water supply pump station near Paterson and a new water treatment plant and pipeline to connect to the Maitland region.

Periodic safety review underway at Chichester and Grahamstown Dams



New technology is helping Hunter Water assess and manage the safety of the region’s largest water storages, with detailed reviews underway at Chichester and Grahamstown Dams.

Dam construction has evolved since the storages were built 97 and 58 years ago respectively. Dam safety is an important part of Hunter Water’s role as custodian of the region’s drinking water supply, and dams require regular inspections, surveys, maintenance, upgrades and risk management, to ensure they meet modern engineering and safety standards.

As part of our routine assessment program, we have started detailed reviews to re-assess the integrity of both dams. New technology, including satellite monitoring and onsite geotechnical surveys, supplements physical inspections and is providing our engineers and an independent Dam Safety Expert Review Panel with new insights on their condition.

In addition to these assessments, Hunter Water will lead a routine simulation exercise this year with the NSW State Emergency Service (SES) and NSW Police, to test our response in the event of an emergency incident.

Results of the reviews and detailed risk assessments are expected in mid-2023.

Showering the Hunter with love this Valentine's Day as 2023 Love Water Grants open



Applications are open until midnight, Tuesday 14 March.
<https://www.hunterwater.com.au/community/community-funding/love-water-grants>

Love is in the air and water is on the mind this Valentine's Day, with Hunter Water offering up to \$100,000 through its Love Water Grants program.

Hunter Water Managing Director Darren Cleary said the organisation's flagship grants program was open to all Lower Hunter community groups, small businesses and organisations.

"Organisations can apply for a one-off grant of up to \$10,000 to support initiatives that promote water conservation, sustainability and innovation.

"We're hoping to see creative and innovative applications that showcase different ideas on how to achieve water conservation goals.

"Whether that's through the installation of water tanks, community garden projects or irrigation systems like we've seen in the past, our grants program is here to support the community to make smart water choices.

"We know how much our community loves and values water. We've seen that in recent years through drought, as well as during persistent rain. No matter the climate, a Love Water Grant project is an opportunity to conserve our most precious resource for future generations," said Mr Cleary.



Questions on Notice



Q: Will Hunter Water publicly advocate for the YES vote in the Voice referendum?

A: Hunter Water supports and is committed to reconciliation with First Nations people. We are on our own reconciliation journey, currently implementing our Innovate Reconciliation Action Plan (RAP). Our second RAP includes a range of actions to support meaningful reconciliation, including increasing our First Nations supplier diversity to support improved economic and social outcomes. We are currently working with Adam Goodes and the Indigenous Defence and Infrastructure Consortium (iDiC) to develop our First Nations Procurement Strategy.

The Voice is an important constitutional step towards reconciliation, and has been supported by both the Commonwealth and NSW Governments.

As a State Owned Corporation, it is important that Hunter Water remains politically neutral, and it wouldn't be appropriate for us to directly advocate in the referendum campaign. We will certainly continue to share the positive experiences of our reconciliation journey, and the value it is providing to our organisation, customers and communities.



Action item: National Performance Report

National performance report 2021-22

Urban water utilities

Annual benchmarking

Comparison of urban water use and cost in major cities and towns



166

Indicators used
to evaluate water
utilities performance



17

Years of reporting



23+

Million customers
across Australia



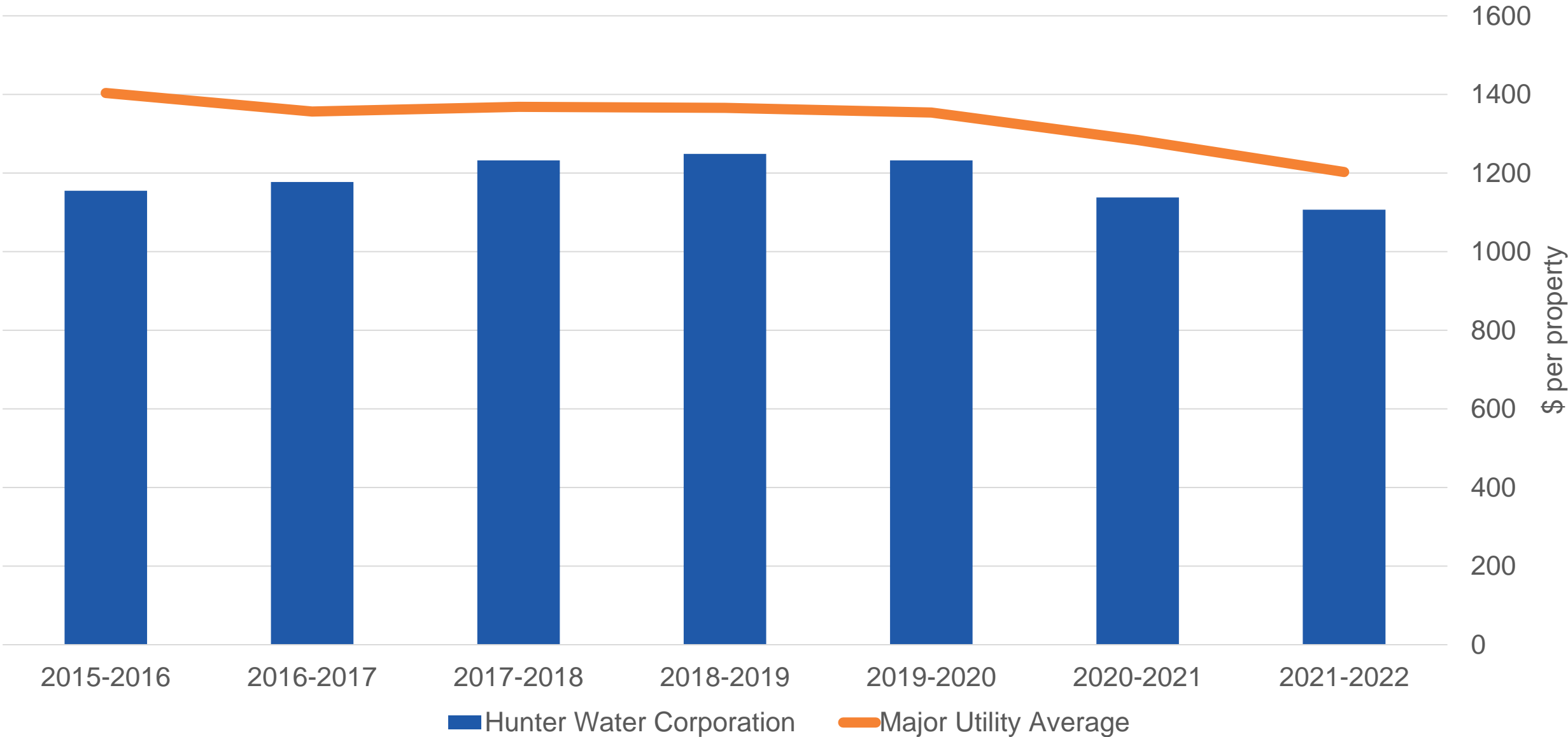
Action item from December 2022 CCAG meeting.

Result data now available, however final report from BOM now due to be released in early April 2023.

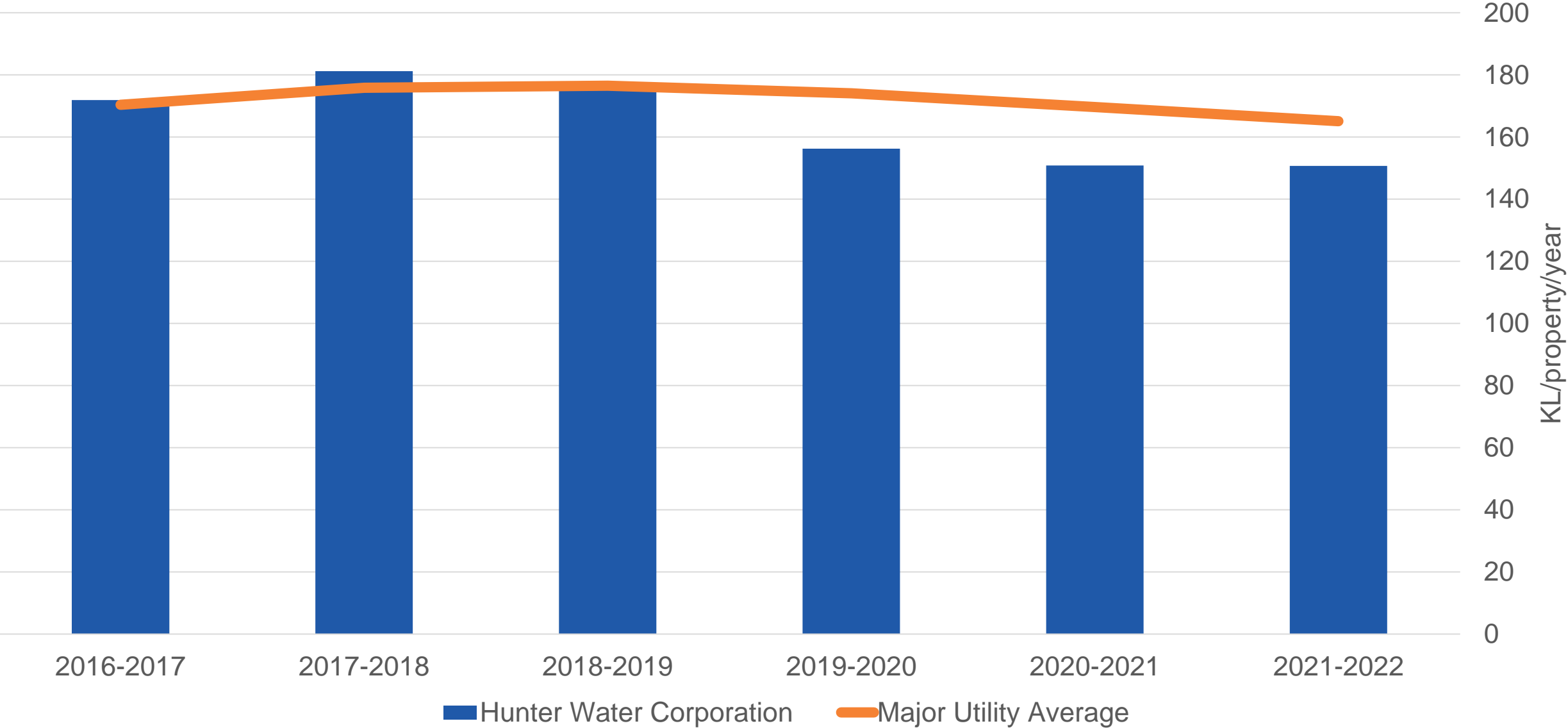
More detailed presentation on key indicators to be provided at the 30 May 2023 meeting.

<http://www.bom.gov.au/water/npr/>

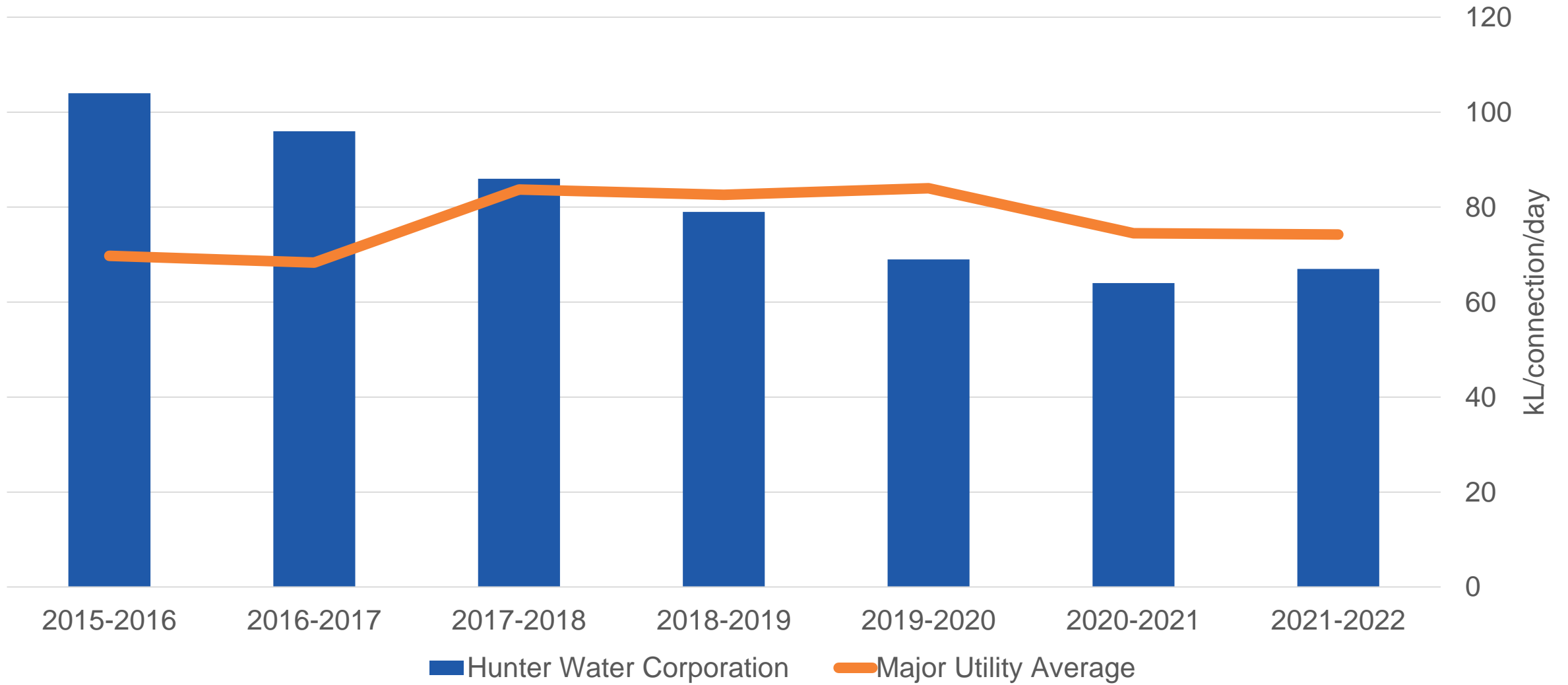
Typical Annual Water and Wastewater Bill



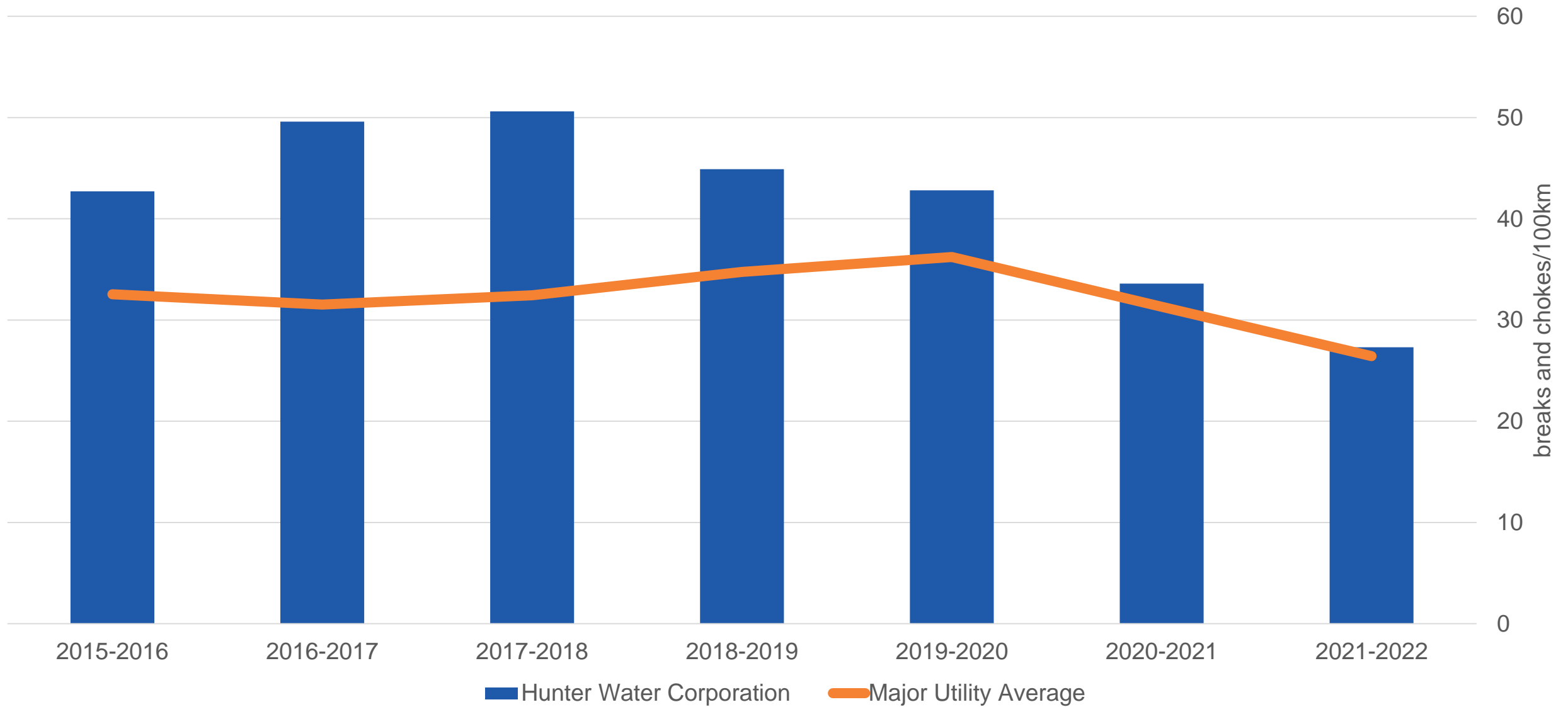
Residential water use



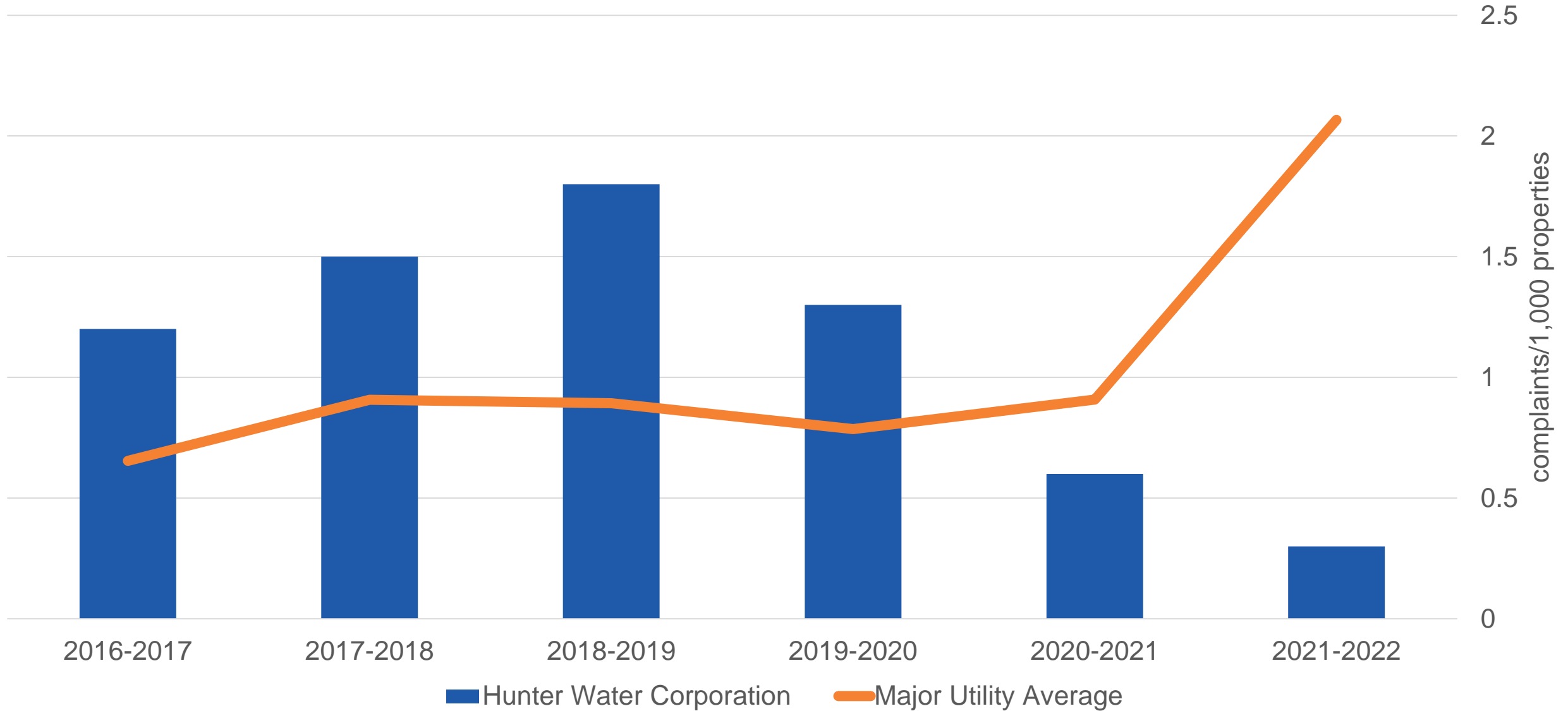
Leakage - Real Losses



Sewermain breaks and chokes



Complaints





CCAG Membership Survey

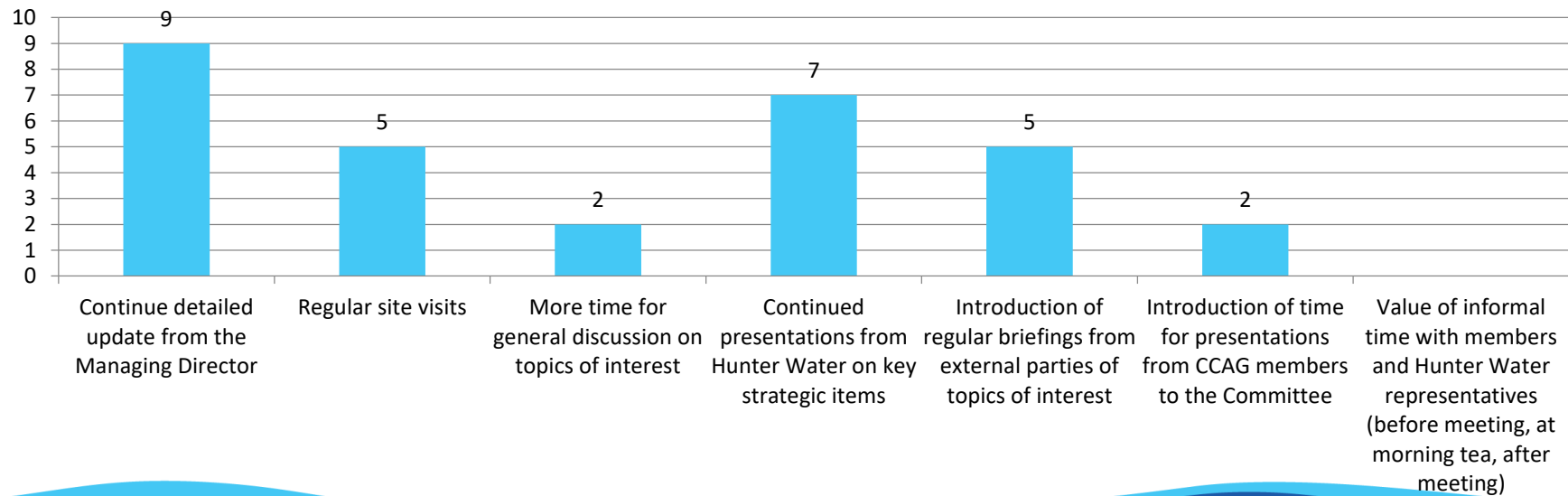


CCAG survey results - effectiveness

How would you rate the effectiveness of CCAG?	
Not at all effective	1
Not very effective	1
Somewhat effective	3
Very effective	4
Extremely effective	2
Total	11
Weighted Average	3.5

CCAG’s purpose is to provide advice on the interests of customers and consumers of Hunter Water, the Customer Contract and other key issues related to Hunter Water’s planning and operations. How effective do you think CCAG has been in delivering on this purpose?	
Not at all effective	1
Not very effective	0
Somewhat effective	4
Very effective	5
Extremely effective	1
Total	11
Weighted Average	3.5

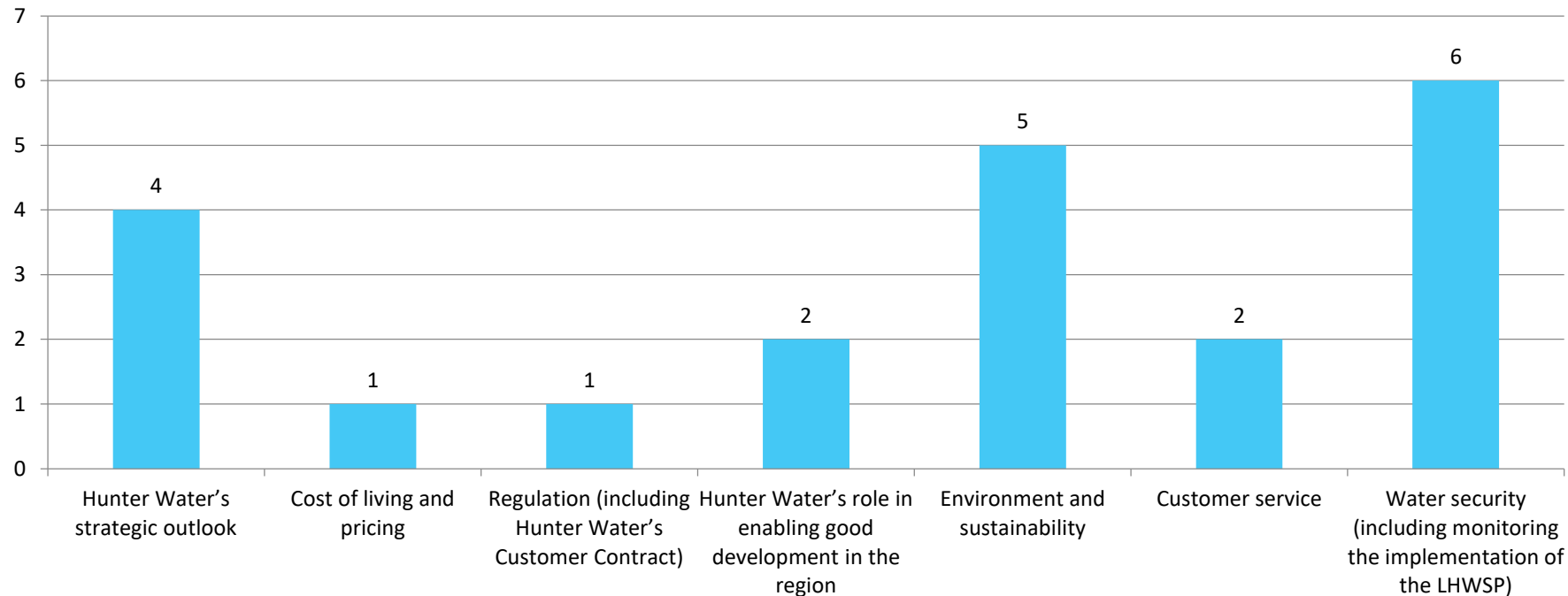
Please select from the following list, the three things that you think would MOST improve the effectiveness of CCAG in 2023.
(Select three)





CCAG survey results – topics to focus on

What two topics do you think that CCAG should most focus its time on to address the challenges facing Hunter Water? (Select two)





CCAG survey results – Administration

The Committee currently meets quarterly on a Tuesday morning. Does this time continue to work well for you?

Yes	7
No	4
If no, when would you prefer CCAG to meet and how often?	3

- As it is a community group not an internal Hunter Water group, I believe an outside working meeting time (not site visits) would be more helpful... even 2 a year. Meeting quarterly is fine.
- Fridays
- I'm at TAFE all day Mon & Tue until July 2023. All good thereafter.

Do you support the continuation of the current hybrid meeting arrangements where CCAG members can attend via Teams or face to face, noting that this arrangement limits where CCAG meetings can be held and impacts site visits?

Yes, continue the current hybrid arrangement	5
No, return to face to face only meetings with meeting location rotating around the region	6

Other groups or individuals to present to CCAG to assist with delivering on its purpose:

- All good
- I think Hunter Water has a good cross section of interest groups
- I'm interested in sector benchmarks, so presentations by other utilities, academics and regulatory agencies, both domestically and internationally, would be helpful. I'm also interested in First Nations concerns and perspectives.

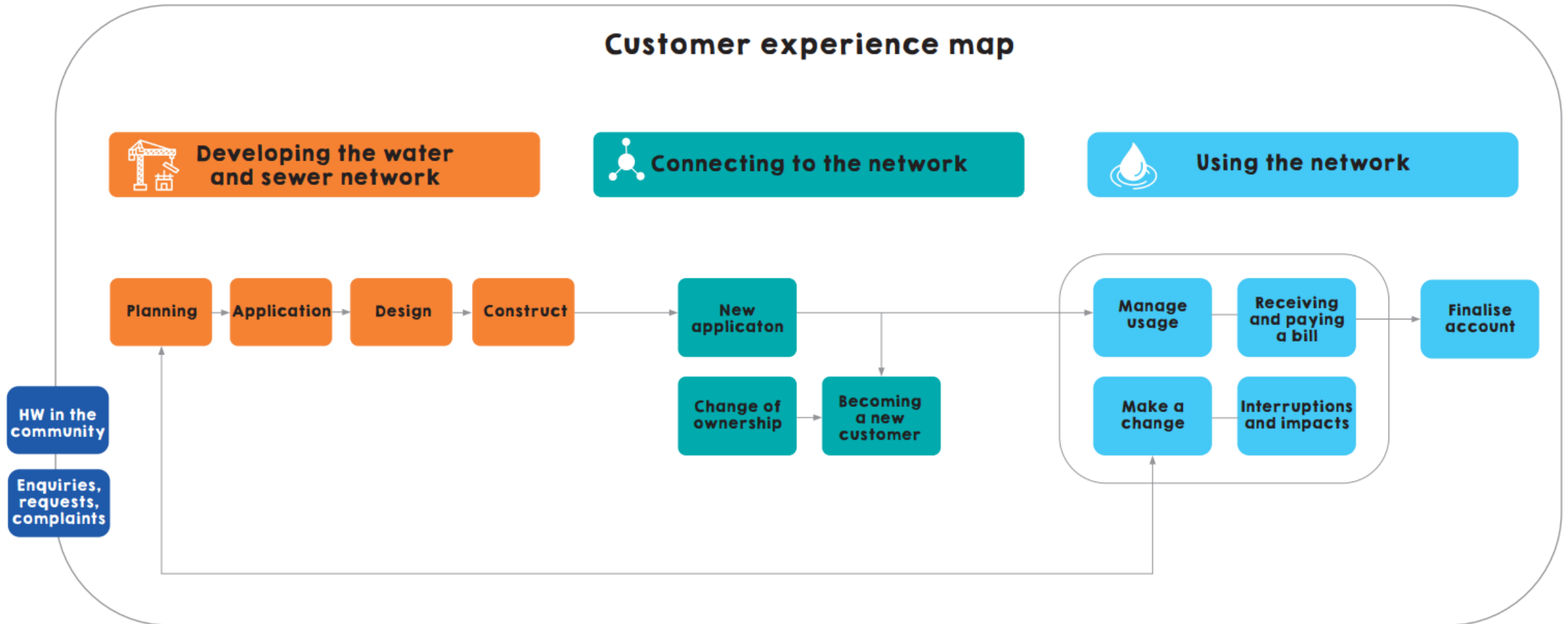


Understanding our customers, their experiences and supporting customers experiencing vulnerability

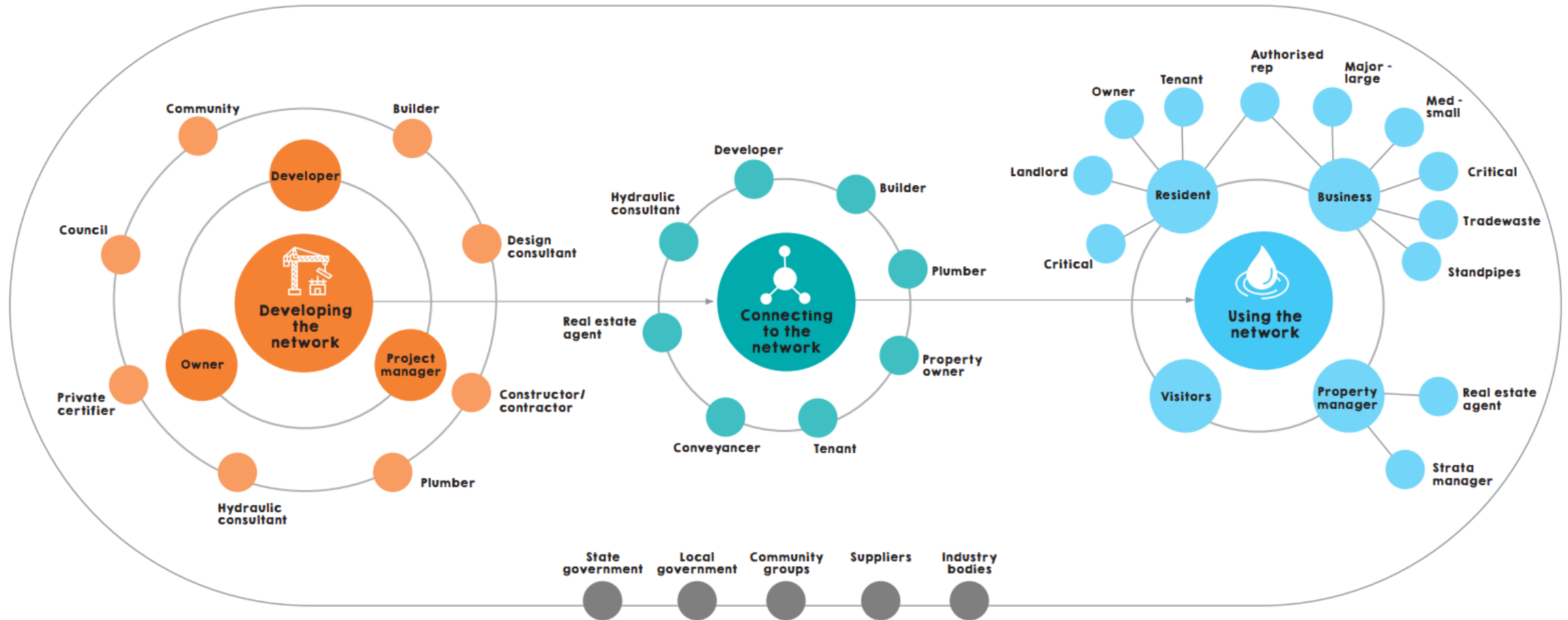
February 28, 2023



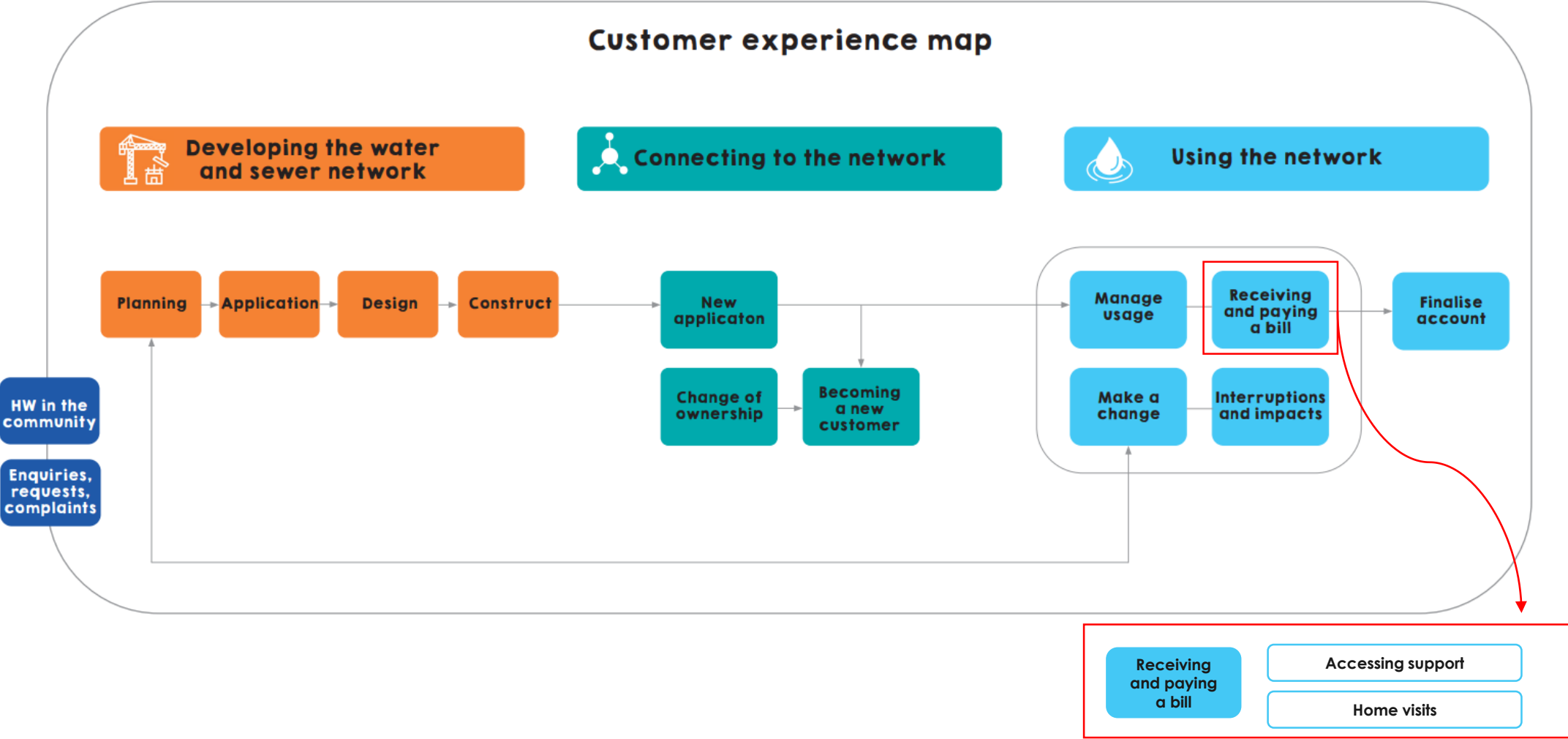
Our customers have many experiences and interactions with us.



Our customers and stakeholders are diverse, complex with different needs.

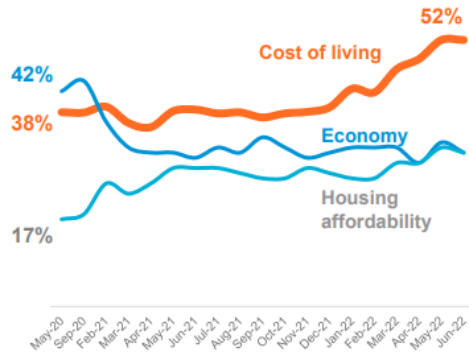


Focus area for today – affordability impacts for customers

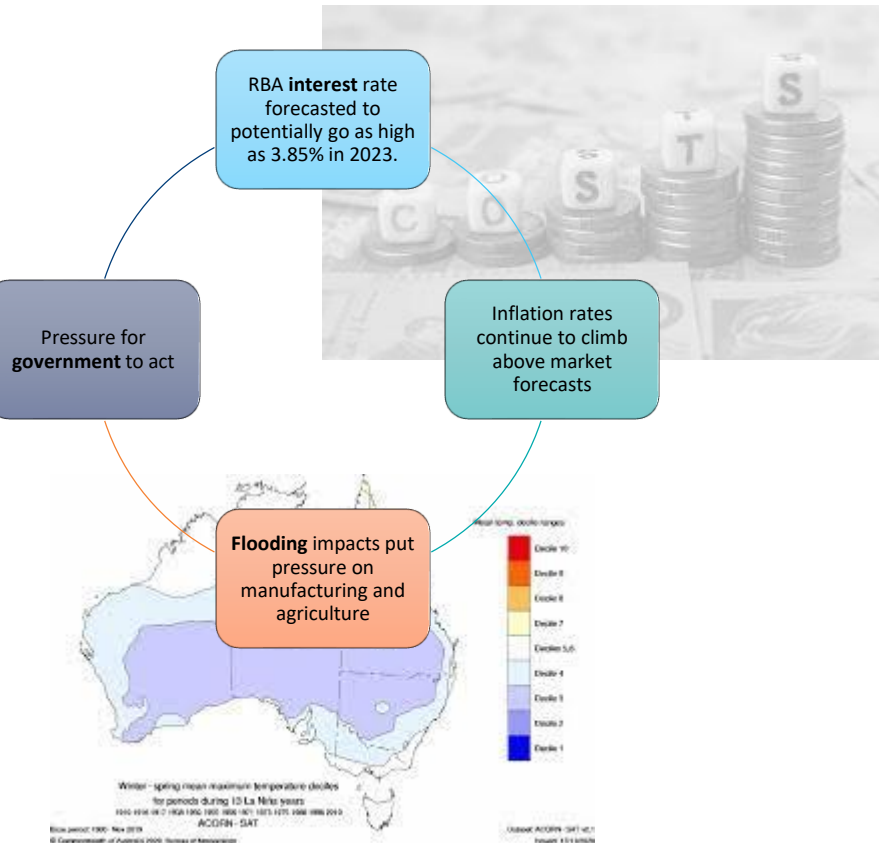


There are external factors and pressures that we need to consider

It's the top issue that people want the government to take action on immediately.



Source: AustraliaNow – Weekly survey of 1,000 Australians since March 2020
Q16a - Which of these do you believe are the five (5) most important things for government to take action on straight away?
All respondents, n=c. 1,000-7,300 per month. May-22 n=4,000.

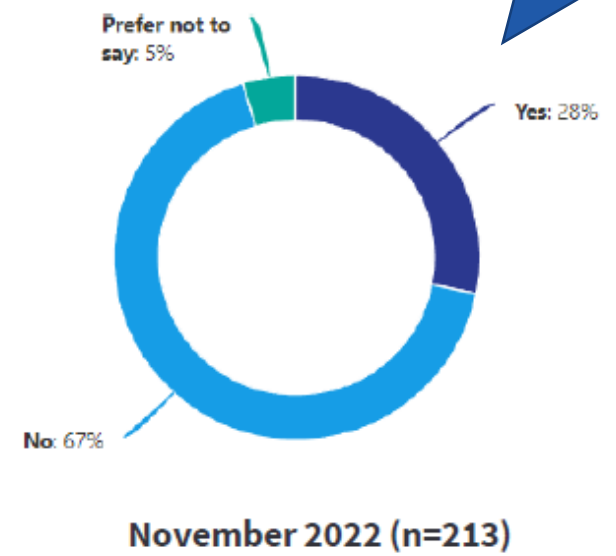
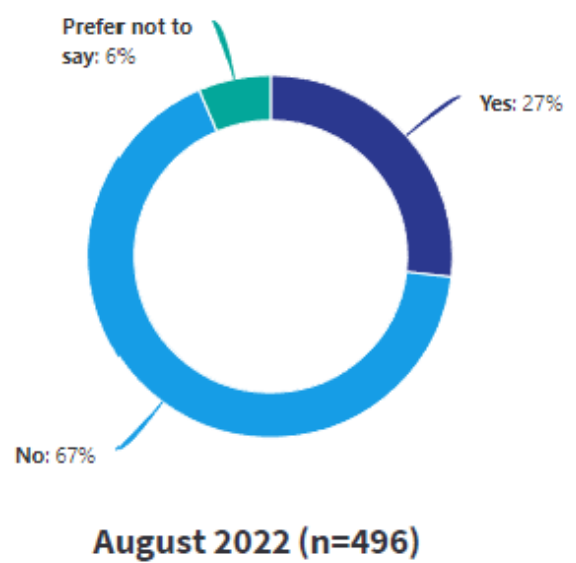
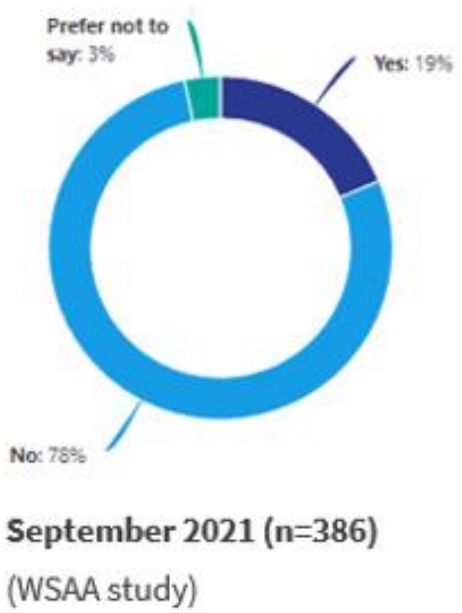


What do we need to know?

As the cost of living and interest rates rise and rent goes up, these increases are not hitting us all in the same way. **The already vulnerable will be most impacted.**

Yes, people are struggling to pay their water or utility bill. They also expect that if they are struggling, Hunter Water will help them.

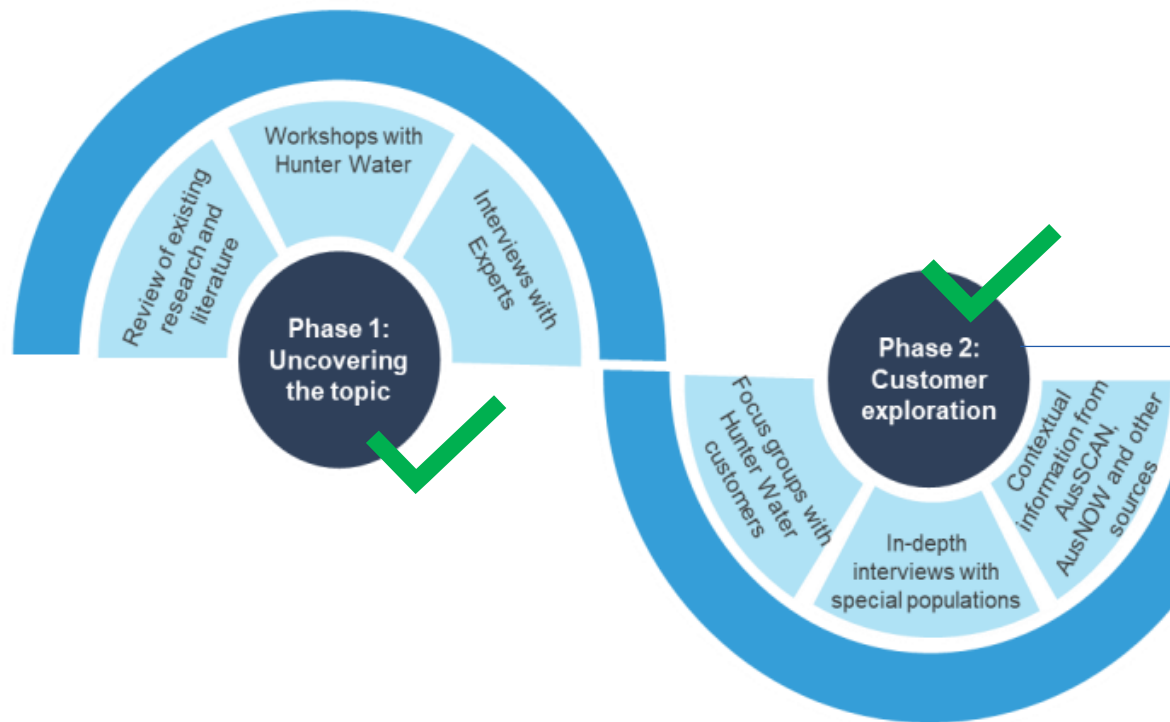
Q – did you struggle to pay either your water bill or another bill (electricity, gas, phone/internet, mortgage or rent) on time over the past year?



72% of those who struggled to pay bills were unaware of customer support programs offered by Hunter Water

Approximately 10 % increase in people struggling to pay bills

Understanding these pressures and changes, research into better understanding how vulnerability is impacting our customers and community has been actioned.



Qualitative methodology



- n=4 focus groups with young people, divorced or separated adults, older people and young families;
- n=5 in-depth interviews with specialist audiences (Aboriginal and Torres Strait Islanders, Physical / Mental disability)



- Focus groups were conducted on July 26 and 27
- In-depth interviews were conducted in early August



- Focus groups were 90 minutes in duration
- In-depth interviews were 60 minutes in duration



- Focus groups respondents were recruited from an external panel
- In-depth interviews were recruited from links distributed by community groups and external panel

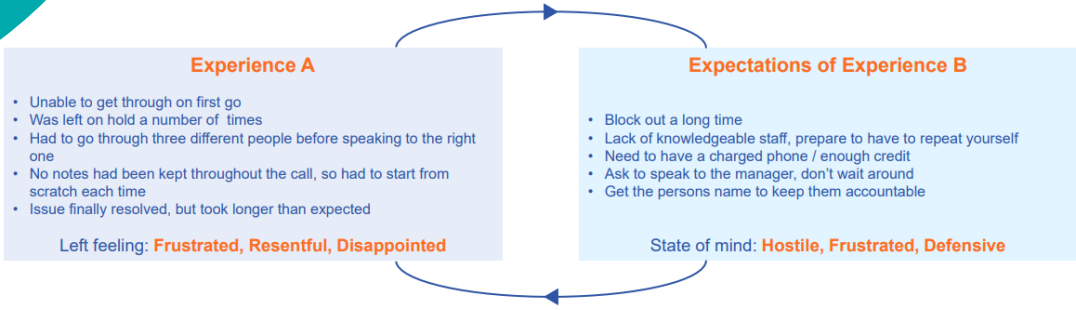
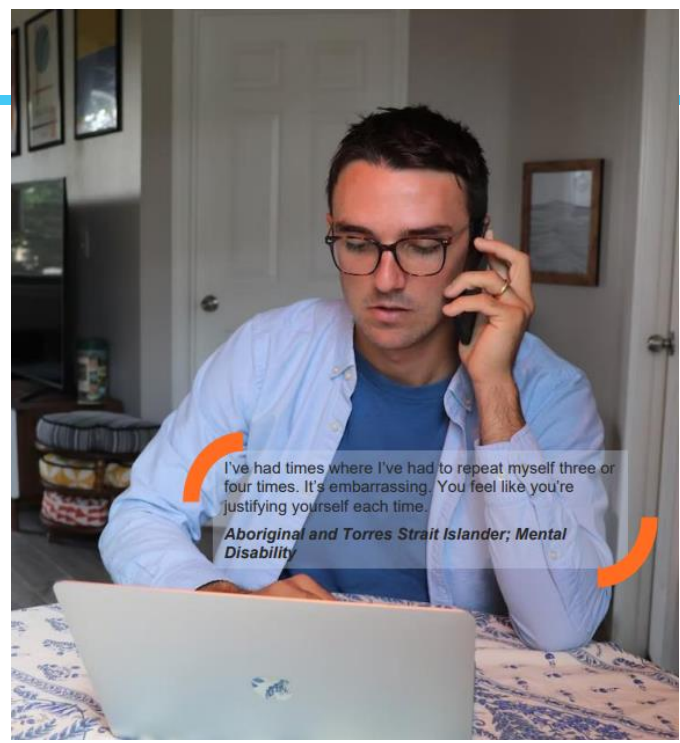


- Focus group respondents received an e-gift card of \$100
- In-depth interview respondents received an e-gift card of \$80

The research tells us that....



Even though I know I'm on a payment plan, I still dread opening the bill.
Mental & Physical Disability



Source: **Customer Vulnerability Research** by Quantum Market Research, August 2022

Immediate focus areas

Communicate and create awareness

Better communicate our current programs to customers, particularly those we have identified as being financially vulnerable.

Empathy Uplift

Upskill staff to ensure all touchpoints result in a positive experience to help reinforce our reputation as 'the approachable utility provider'.

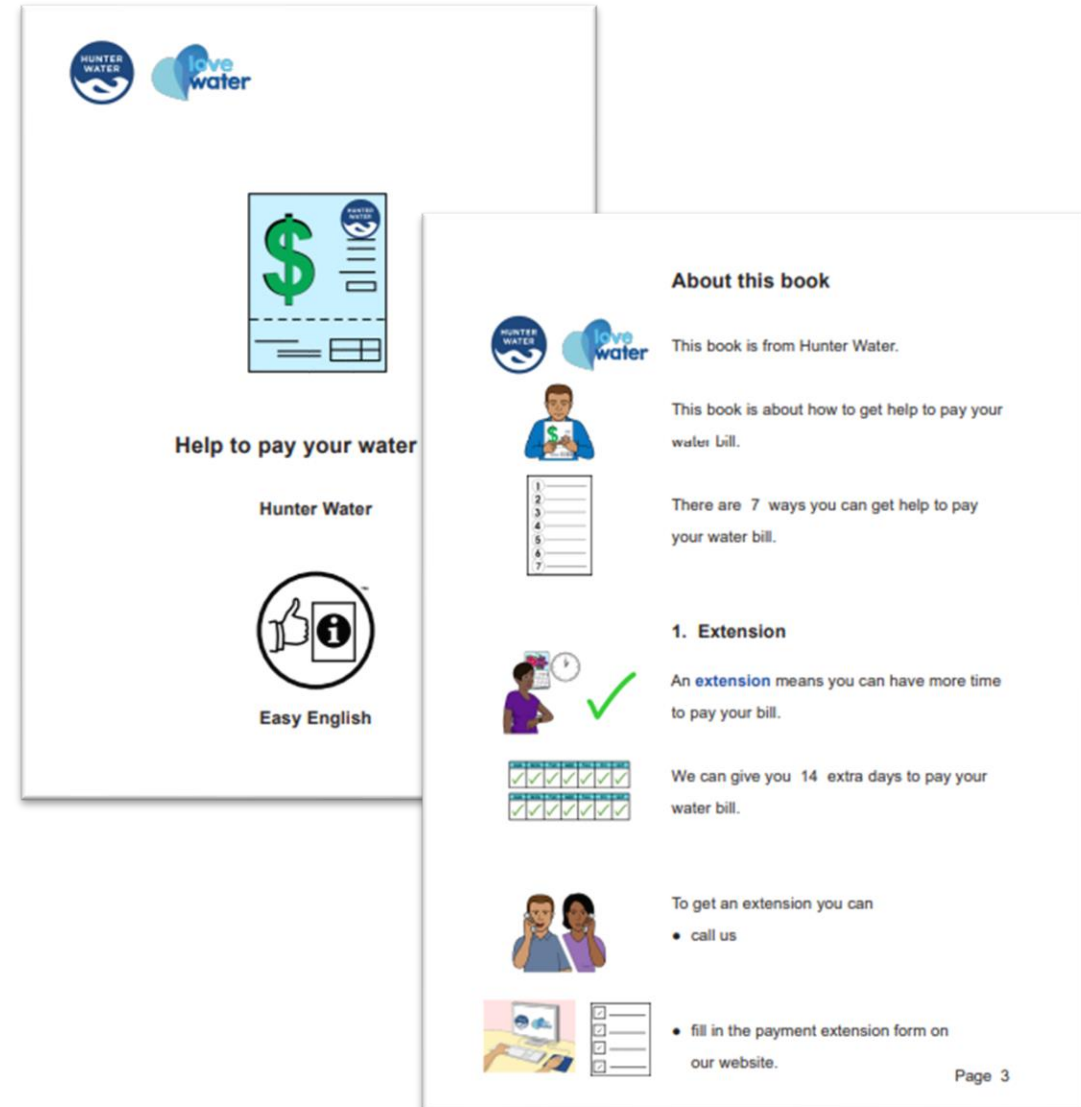
Proactive contact

Get better at proactively identifying issues that could affect people experiencing vulnerability, or result in making someone financially vulnerable and offer support.

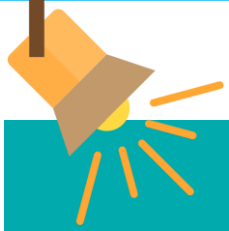
Easy English, meeting the needs of all of our customers



Video reel at <https://youtu.be/3353mQ-jSTo>



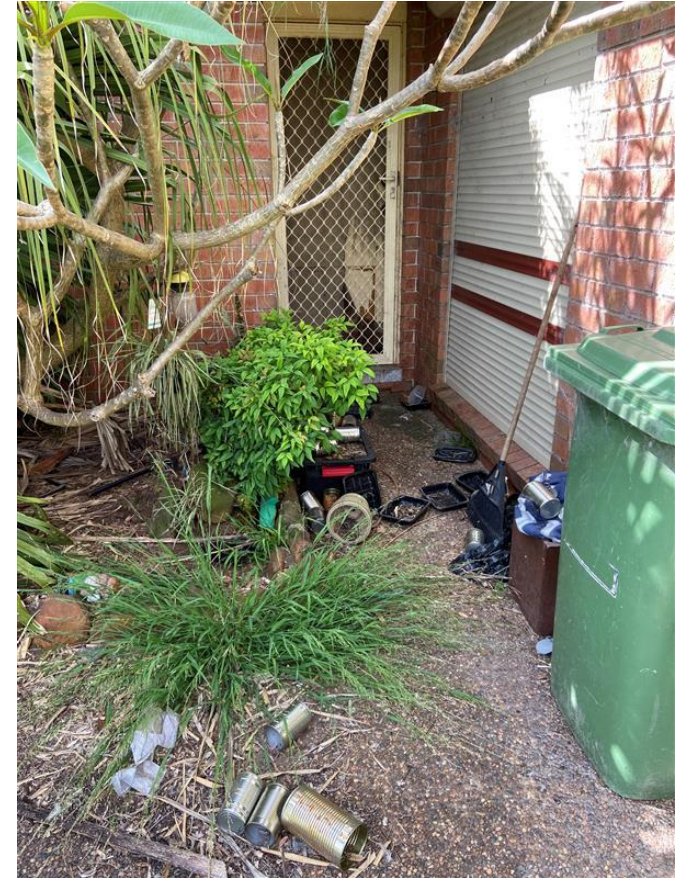
Home Visits



Home visits are effective to engage, build relationships and provide support

What we do:

- 20 p/week in targeted suburbs
- Visit in pairs
- Check meters for high consumption and leaks
- Offer payment plans and PAS
- Obtain information for future actions
- Letter drop-offs where there is no engagement



Recent examples of customer home visits



Customer and Community Engagement for Price Proposal - Update

CCAG meeting 28 Feb 2023

Emma Turner – Senior Economist

Clare Hogue - Senior Community Engagement Advisor





Agenda

1. IPART regulatory model update
2. Engagement plan update
3. Overview of Phase 1 activities and findings
4. Phase 2 engagement plan



IPART regulatory model update

- The prices that Hunter Water charges customers are set by the Independent Pricing and Regulatory Tribunal (IPART)
- IPART helps NSW residents get safe and reliable services at a fair price
- Hunter Water's prices will reset on 1 July 2025. This happens through a **price review** starting in Sep 2024

What happens in a price review

Hunter Water

Hunter Water develops a pricing proposal to submit to IPART every five years that reflects the efficient cost of providing our services. We ensure customer and community views are integrated into our proposal through community engagement.

IPART

IPART sets the framework for the pricing review. They also scrutinise pricing proposals and hold final say in setting maximum prices every five years.

Customers and community

Customers and the community are the end users of the services we provide. They engage with Hunter Water and IPART to ensure their values and priorities are well understood and reflected in the pricing proposal.



IPART regulatory model update

What's different for the 2024-25 price review?



Carmel Donnelly
Chair, IPART



Deborah Cope
Tribunal member



Sandra Gamble
Tribunal member

Our vision is that our pricing regulatory framework creates an environment where customers have the level of influence they desire, over the issues that matter most to them.

Hunter Water's responsibility and challenge is improve customer value: capturing service levels, customer experience and costs

Customers

Deliver services and expenditures that:

- Are **customer centric**
- Reflect **customer engagement** feedback
- Promote better **customer outcomes**
- Meet **community** needs
- Support **environmental** sustainability
- Promote **choice of services**



Costs

Pricing proposals demonstrate:

- **Confidence in costs**
- **Balance of risk and long-term performance**
- **Commitment to improve value**
- **Equitable and efficient cost recovery**

Credibility

Provide assurance your proposal is:

- **Deliverable**
- Demonstrating **continuous improvement**



IPART regulatory model update

Earlier, broader and deeper customer and community engagement

- New web area for interactions

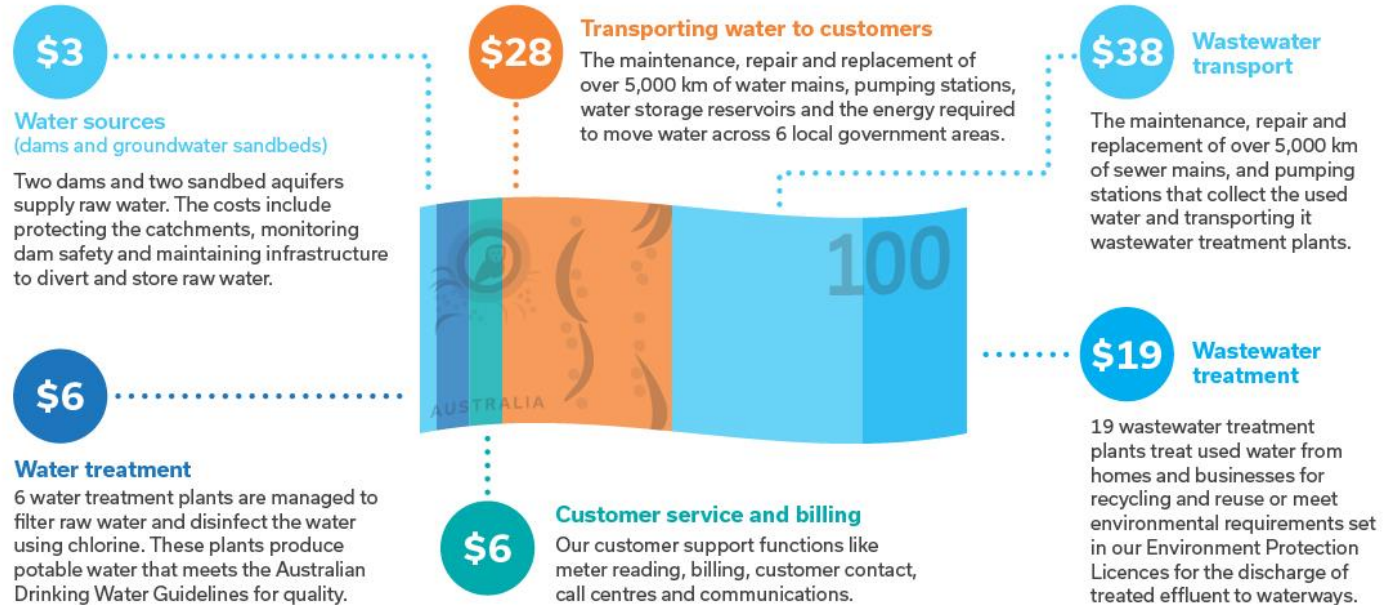
Have your say - join the conversation!



<https://www.hunterwater.com.au/haveyoursay/2025-2030-price-submission>

What your \$100 pays for

The majority of revenue we receive from customers is used to make sure that safe, clean drinking water comes out of your tap and to taking away the used water that goes down your drains from sinks, toilets, laundries, showers and baths, then treating it to protect the health of beaches and waterways. **For every \$100 we receive from you, here's how we use it.**





Overview of the approach

Examples of previous and ongoing engagement 2018-2023



Customer experience monitoring



Quarterly community survey



Vulnerability



Performance standards & rebates



Lower Hunter Water Security Plan



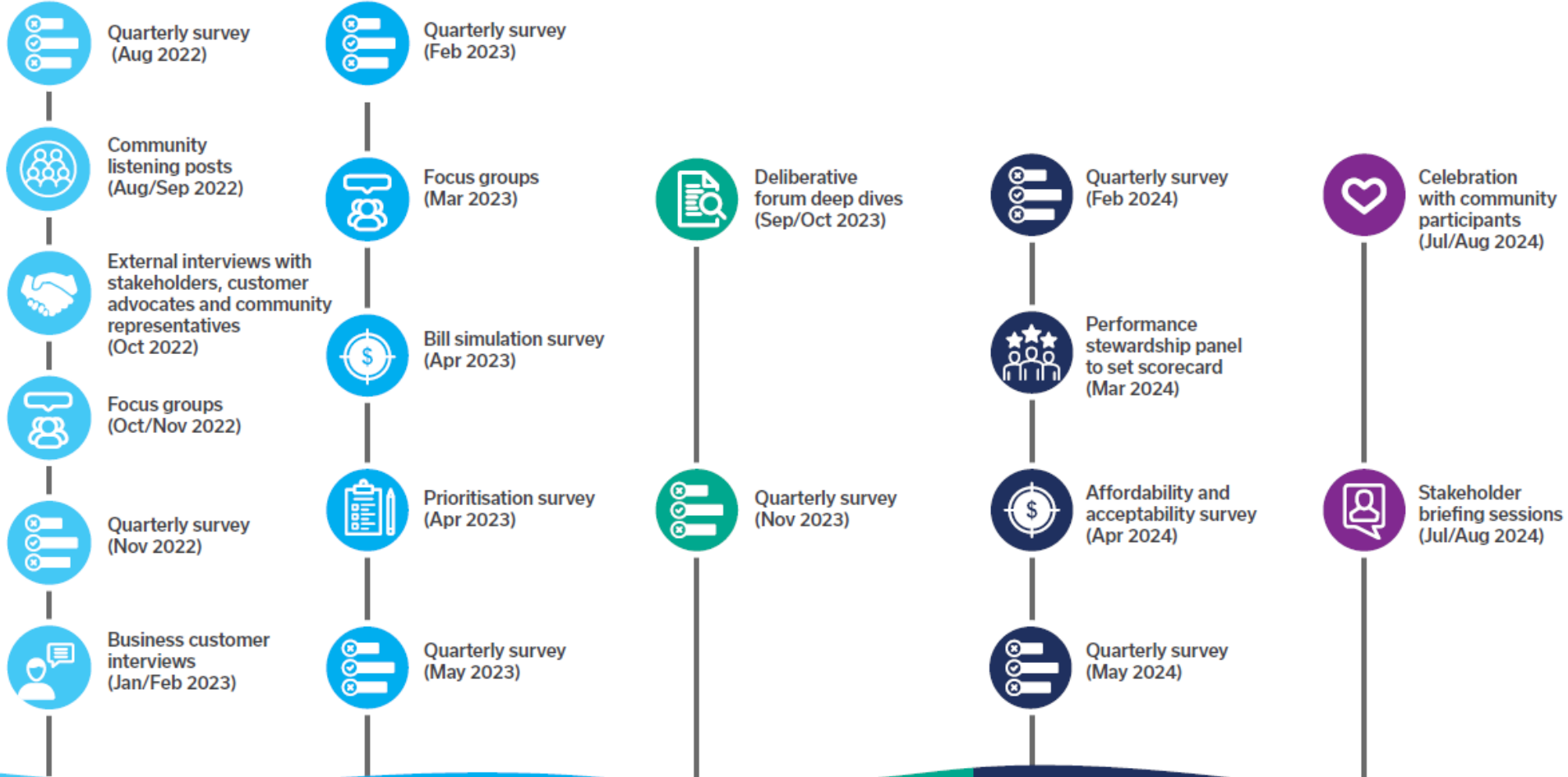
Customer journey mapping



Submit pricing proposal to IPART September 2024

Engagement timeline

July 2022 - August 2024



Explore

Jul - Nov 2022

Value & prioritise

Feb - Jun 2023

Deliberate & trade off

Jul - Nov 2023

Confirm & validate

Feb - Apr 2024

Close the loop

Apr - Aug 2024



Who have we engaged with in phase 1 July- November 2022



The range of ways our customers,
community and stakeholders are
having their say



Aug/Sept 2022
Heard from 96 customers
about what matters
to them



Oct 2022
Conducted interviews with nine
stakeholder representatives of
Hunter Water's community



Oct/Nov 2022
Conducted seven focus groups with
55 customers from across the service
region, as well as an additional group with
Customer and Community Advisory Group



Aug/Nov 2022
Heard from 726
customers in quarterly
community surveys



Phase 1 outcomes

Online community 'listening post' workshops

The results highlight that the same experiences were likely to delight (if done well) or disappoint (if done poorly). In particular:



Fast or slow response to interruptions and service faults



Billing support (eBills, informative bills, support for customers struggling to pay) as a delight vs billing and payment issues/high cost of bills as a disappointment



Frontline customer contact centres were more likely to delight (responsive, knowledgeable, local) than disappoint (slow response to queries, information hard to find).

The top five expectations of Hunter Water related to:



Providing a reliable, efficient service through maintaining and improving infrastructure



Providing high quality, safe drinking water



Ensuring future water security, including recycling and water conservation



Fair and affordable bills



Water literacy

Insights from the focus groups, surveys and in-depth interviews indicate that:



There is an expectation that Hunter Water delivers a wide range of customer and community experiences



Customer concerns and expectations are not necessarily more important than affordability



Financial stress from cost of living increases is causing concern about what it might mean if water prices rise



The level of participation expected on issues is varied across our community.

I expect Hunter Water to:

Continue to listen to customers using whatever means are suitable e.g. activities like tonight and those that have been happening since 2018. It's really important to have conversations with the people who use their services.

- LISTENING POST PARTICIPANT

WE HEARD IN OUR FIRST STAGE OF ENGAGEMENT THAT YOU EXPECT US TO BE EFFICIENT, AND TO DELIVER OUR SERVICES IN A MANNER THAT SEEKS TO MINIMISE THE PRESSURE ON OUR CUSTOMERS' BILLS, NOW AND IN THE FUTURE.

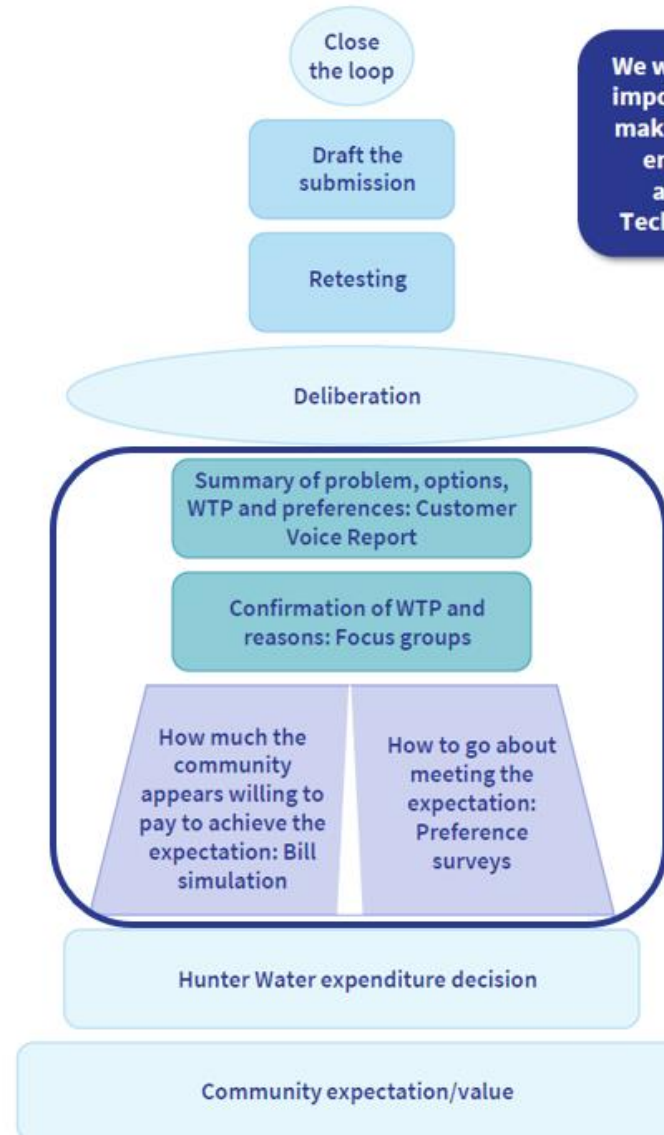


Phase 2 activities (Feb – June 2023) – value and prioritise

How valuation fits into building the case for change

The qualities of a well-built case for change include:

- Topic matters to customers
- Customers have an expectation of involvement
- “room to move” on the part of the provider
- Clear linkage to bills
- Business case including cost impacts presented to customers
- **Customer Willingness to Pay well established**
- Inclusive techniques used which include all community cohorts
- Preferences for “how” to meet the expectation are well understood. E.g. there are a variety of ways to use recycled water, to take care of the vulnerable, to support the community, to lower carbon emissions etc
- Preferences for “how” to meet the expectation and “how much” money to put towards it are deliberated on by a random sample of informed community members with adequate time for investigation, understanding, reflection, debate and decision-making.
- Decisions can be retested/confirmed
- Participants in all parts of the process can see the results and clarify that customer preferences are evident in decisions



We will engage “on what’s most important to them (customers), making it easy for customers to engage by using a range of approaches” IPART Final Technical Paper, Nov 2022 p15



Phase 2 activities (Feb – June 2023) – value and prioritise

Bill simulation activity

- Topics that were agreed to take forward by EMT and Board in December will form the basis of trade off/valuation in bill simulation
- On the right hand side of the bill simulator are various customer archetypes, showing their average bill and the amount that it has been changed as a result of the choices on the left
- On final screen participants have the opportunity to go back and change any responses based on total bill impact

Focus groups

Step customers from different cohorts through bill simulation activity to:

- Get a consensus on the types of investment that they would prefer
- Understand the reasoning behind participants' decision making process

Inputs – How should [Water Corporation] structure their service levels to meet customer needs? Please adjust the controls to match your desired preference. Average bill impacts based on your preferences are calculated in the blue-shaded pane.

Question 1 of 7

Disruptions to your water supply (outages) are a nuisance. However, reducing how often your water goes off costs money. Please indicate what you think is the right balance between reducing outages and keeping bills affordable.

Reduce costs even though disruptions will increase

Please move the slider to select your desired preference.

Reduce disruptions even though costs will increase

Question 2 of 7

Recycled water is expensive to provide, but it can be used in gardens and to keep public spaces green. Using recycled water also conserves our precious drinking water. Please indicate the level of investment you think [Water Corporation] should make in recycled water.

Please move the slider to select your desired preference.

Very low Very high

Outputs – For the varying customer profiles below, please consider the impacts on an average customer bill based on your choices.

Family

Change per quarterly bill \$0.00 (0.0%)

Small business

Change per quarterly bill \$0.00 (0.0%)

Pensioners (concession)

Change per quarterly bill \$0.00 (0.0%)

Community Group

Change per quarterly bill \$0.00 (0.0%)

Preference survey

- 'This or that' survey
- E.g. people can indicate if they prefer low bills to digital metres