MEETING MINUTES

Committee name	Hunter Water Customer and Community Advisory Group (CCAG)
Date and time	Tuesday 13 August 2024, 9.30am to 12 noon
Location	Hunter Water Head Office

MEMBERS PRESENT

Cr Brian Adamthwaite	Lake Macquarie City Council **(Chair)**
Ms Jean McGarry	Lake Macquarie Sustainable Neighbourhoods Alliance
Ms Sue Johns	National Seniors Association
Ken Edwards	Save the Williams River Coalition
Cr Dr Elizabeth Adamczyk	City of Newcastle
Mr David Beins	
Cr Sally Halliday	Maitland City Council
Dr Craig Evans	The University of Newcastle
Mr Douglas McCloskey	Public Interest Advocacy Centre

APOLOGIES

Ms Thea Bray	Public Interest Advocacy Centre
Cr Peter Francis	Port Stephens Council
Mr Graham Jones	Maitland Masonic Centre
Ms Linda Bowden	Save the Williams River Coalition
Cr Karen Jackson	Cessnock City Council
Assoc Prof Troy Gaston	University of Newcastle
Mr Glenn Lyons	Local Land Services
Mr Leroy Wilkinson	
Mayor John Connors	Dungog Shire Council

IN ATTENDANCE

Mr Darren Cleary	Managing Director
Ms Emma Berry	Executive Manager, Strategy & Engagement
Mr Declan Clausen	Group Manager Strategy & External Affairs
Daniel Hartin	Lake Macquarie City Council
Daniel Turnbull	Dam Safety Engineer
Laura Boland	Stakeholder and Government Relations Advisor (CCAG Secretary)

WELCOME

The Chair opened the meeting at 9.30 am and provided an Acknowledgment of Country.

Apologies were received and noted.

OVERVIEW OF AGENDA AND CONFLICTS OF INTEREST

Nil conflicts of interest were declared.

MINUTES OF THE PREVIOUS MEETING

The June 2024 meeting minutes were adopted as a true and correct record of the meeting (M: Ms Sue Johns, S: Mr David Beins).

HUNTER WATER OPERATIONAL REPORT

Mr Darren Cleary, Managing Director

Mr Cleary gave an update on water storages across the Lower Hunter region:

- Water storages are healthy, at around 92% full.
- The recent drop on overall storage in the past month is due to the intentional lowering of Grahamstown Dam in response to recent findings of Hunter Water's dam safety review.
- Storages are currently in a healthy position, even if a dry outlook was to eventuate going into the warmer months.
- Wet conditions are predicted to continue for the next three months.

Updates on investments in Hunter Water's network:

- Hunter Water is investing over $230 million in capital infrastructure investment to replace and/or augment parts of the network.
- Hunter Water has installed a three-kilometre water trunk main in Black Hill, which increases supply from Black Hill 1 Reservoir, and delivers a more-efficient service to the community.
- Another replacement is about to begin in Louth Park to replace 1.4 kilometres of pipeline, which will help improve efficiency and prevent leaks.
- We are continuing this work across our network, with particular focus on areas that are experiencing growth.

Net Zero roadmap:

- To achieve action on climate change and maintain affordable services for our customers, we have a carbon reduction target to be net zero (scope 1 and 2 emissions) by 2035, subject to confirmation of customer willingness to pay.
- In June 2024, Hunter Water signed a Power Purchase Agreement with AGL for supply of renewable energy for Hunter Water's larger sites. This will transition the energy we use at our large sites to 100% renewables by 2030.
- Hunter Water is also continuing with its onsite renewable energy generation program.

Pricing proposal:

- Community engagement has been a key focus as we develop our pricing proposal for 2025-2023, and this is being reflected in the draft proposal so far.
- We are nearing the end of the drafting process and are preparing for the 'close the loop' session in September. At this session, we'll bring back the participants of the deliberative forum and demonstrate how their recommendations have been incorporated into our draft proposal.
- IPART will also lead an opportunity for further public engagement on the proposal.

Q: Members asked why the Anna Bay sandbeds storage was not as high as the others storages.
A: Mr Cleary noted that the Anna Bay sandbeds aquifer is deeper than the Tomago sandbeds, and so recharge from rain events takes longer.

Mr Cleary's presentation is available on the CCAG webpage.

GRAHAMSTOWN DAM SAFETY REVIEW

Daniel Turnbull, Dam Safety Engineer

Mr Turnbull gave an overview of the results of the recent dam safety review and risk assessment, and an update on risk reduction actions at Grahamstown Dam:

- Risk assessment is undertaken every 5 years at Grahamstown Dam to assess against modern safety standards and identify any vulnerabilities.
- Results of the risk assessment and safety review help us to continually improve the dam.
- The dam has 5 kilometres of embankments, which hold the water in the dam.
- The embankments have a compact clay core, which provides the watertight seal, with sandy shoulders either side of the core.
- The risk assessment was the most comprehensive conducted to date, aided by advances in computing power and knowledge of earthquakes in our region.
- The risk assessment was conducted by consulting firm AECOM and showed that the dam continues to operate safely in normal and flood conditions. However, the review found that the dam's embankments are vulnerable to damage from earthquakes. These earthquake risks have existed since the dam was first built.
- In an earthquake, the embankments are susceptible to a process called 'liquefaction', where the sandy shoulders lose their material strength when saturated.
- The likelihood of liquefaction leading to a dam failure at Grahamstown Dam has been estimated at 1 in 3,500 per year for the Main Embankment, and around 1 in 50,000 per year for the Saddle and Subsidiary embankments.
- Upgrades to the embankments are needed to prevent damage from earthquakes. This is complicated and technically challenging work, and may take 5-10 years to complete.
- As an immediate action, we have lowered the water level in the dam from 12.8m AHD to 12m AHD, which means the dam will be maintained at around 90% capacity. This action reduces the consequence of a dam failure by about half. It would reduce both the velocity and depth of the water in a dam failure.
- Once the Belmont Desalination Plant is given planning approval, we will reassess the water level at Grahamstown Dam, as the desalination plant will be able to supplement water supply.
- An emergency plan already exists for the dam. This plan is being updated with our emergency partners such as the NSW SES, to ensure it incorporates the latest risk information.

Mr Turnbull's presentation is available on the CCAG webpage.

Q: Members asked if any damage occurred at the dam during the 1989 earthquake.
A: No damage was observed following extensive inspections at the time.

Q: Members asked about approval for the Belmont Desalination Plant and how it would contribute to water supply.
A: Desalination will offset the loss of yield from the dam caused by lowering the level to around 90% full.

Q: Members asked if there was a threshold for earthquake tolerance and how the regulations are structured.
A: The dam safety regulations are risk based. On a risk basis, we will be planning dam upgrades that aim to ensure the dam's embankments are able to withstand earthquakes that have an up to 1 in 30,000 likelihood of occurring per year.

Q: Members asked about the process for upgrading the dam.
A: We are currently looking at options that involve making the embankments more dense.

Q: Members noted the water security risk of lowering Grahamstown Dam before the desalination plant is in operation, and that there will still be a net risk to water security even when the desalination plant is delivering water.
A: The desalination plant is planned to take four years to build. In that time, the region will be more at risk of low water storage levels if we experience a dry climate. Beyond that, other schemes are also being explored to help deliver water to the network such as the Lostock Dam to Glennies Creek Dam Pipeline project (which is at the 'business case' stage), as well as recycled water use, and reducing leaks in the network.

HUNTER WATER SUSTAINABILITY STRATEGY

Emma Berry, Executive Manager Strategy and Engagement

Emma Berry introduced the Hunter Water Sustainability Strategy 2024, which was launched on 13 August 2024:

- The strategy was developed with the input from across Hunter Water's business, its key stakeholders, the community and the CCAG.
- The strategy represents a shift from doing less harm to making a positive impact.
- The Sustainability Strategy is one of six strategies that helps to deliver Hunter Water's Corporate Strategy
- The strategy defines what sustainability means to us now; we've taken a view from the inside-out to look at our impact and ability to make a net positive change.
- The objectives in the strategy focus on areas in which we have the most influence – water security; caring for environment; responding to climate change; and contributing to our community. The objectives go over and above our normal operations.

The strategy is available on the Hunter Water website.

Ms Berry's presentation is available on the CCAG webpage.

Q: Members noted that the strategy is a high-level document, and asked about actions, indicators and timeframes.
A: All targets are aligned with investments that are included in our pricing proposal. Our ambition is capacity-aligned.

Q: Is sustainability part of Hunter Water's operating licence?
A: No – this work is not part of our regulatory Operating Licence, however forms part of our broader social licence and legislative obligations.

Q: Members asked for more information about modern slavery.
A: Addressing modern slavery is about making sure that everyone in our supply chains for goods and services is treated with dignity. We require this in our contractual agreements with suppliers. Hunter Water produced an annual Modern Slavery Statement. The most recent statement is available on our website: https://www.hunterwater.com.au/documents/assets/src/uploads/documents/Policy-and-standards/Governance/Modern-Slavery-Statement-2022-23.pdf

GENERAL BUSINESS & QUESTIONS ON NOTICE

Questions on notice were received from a CCAG member's constituent regarding dividends and outputs from the Belmont Desalination Plant, and have been answered by Hunter Water below.

Previous question from June 2024 regarding barbeques at Grahamstown Dam was answered in the August 2024 meeting minutes, which are available on the CCAG webpage.

Hunter Water will write to Lower Hunter councils inviting re-nominations of representatives to the CCAG following the local government elections.

Q: Members asked about the M1 extension currently under construction and whether the development could impact Hunter Water's operations?
A: Mr Cleary clarified that Hunter Water does not have any substantial involvement in the M1 extension project and is not aware of any impacts on Hunter Water assets or operations.

Q: Members asked if the location of the pumping station for the proposed Lostock Dam to Glennies Creek Dam Pipeline project had been decided.
A: A business case for the project is currently being drafted and is conceptual at this stage. No decisions have been made. A range of options are being looked at.

Q: Members asked if Hunter Water had any involvement with the pumped hydro schemes being explored in the Hunter region.
A: Hunter Water is broadly aware of the scheme but is not involved. Questions are best directed to Water NSW.

ANSWERS TO QUESTIONS ON NOTICE

Questions received from a member's constituent:

Q: Will the Belmont Desalination Plant send outputs to the Central Coast?

A: No outputs of the plant (drinking water or brine) will be sent to the Central Coast. Once built, the plant will add up to 30 million litres per day of rainfall-independent drinking water supply to customers in Hunter Water's network.

The desalination process may produce up to 56 megalitres (ML) per day of wastewater, comprising predominantly brine (concentrated seawater). The waste brine from the desalination plant will be transferred via a pipeline from the desalination plant site to a pump station located within the adjacent Belmont South Wastewater Treatment Works (WWTW) for discharge via the WWTW's existing ocean outfall. The brine will dilute as it mixes with the seawater when it is released into the ocean. Further information about the Belmont Desalination Plant is available at www.hunterwater.com.au/desal.

Q: How does Hunter Water calculate its dividends payable to Government?

A: Hunter Water has paid a dividend each year since it was corporatised in the late 1980s. Proposed dividends are agreed with its Shareholding Ministers (the Treasurer and Minister for Finance) each year as part of its Statement of Corporate Intent, which is tabled in the Parliament.

Detailed financial performance information, including dividend and distributions, and Hunter Water's audited financials, are publicly available within Hunter Water's Annual Report.

Dividends are paid at the end of each financial year. For FY 2022-23 and 2023-24 Hunter Water paid a dividend of 70% distributable net profit after tax, and the same dividend is forecast for 2024-25. Further details on the dividend expectations and process are available in: *NSW Treasury Policy and Guidelines: Capital Structure and Financial Distribution Policy for Government Businesses*: www.treasury.nsw.gov.au/sites/default/files/2023-05/tpg21-10_v1-capital-structure-and-financial-distribution-policy.pdf

DATE OF NEXT MEETING

Tuesday 12 November 2024.