

# 2024 Pricing Proposal Engagement



## STAGE 2 SUMMARY REPORT

We're asking our customers and community to help shape our water services to the end of the decade, so that we can make sure our services meet your needs and deliver value.

We are implementing a multi-stage engagement program with our customers, community and stakeholders to help inform our pricing proposal to the Independent Pricing and Regulatory Tribunal (IPART) ahead of new prices commencing from 1 July 2025.

### 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 engage with our customers and community to ensure their views are reflected in our proposal.

#### IPART

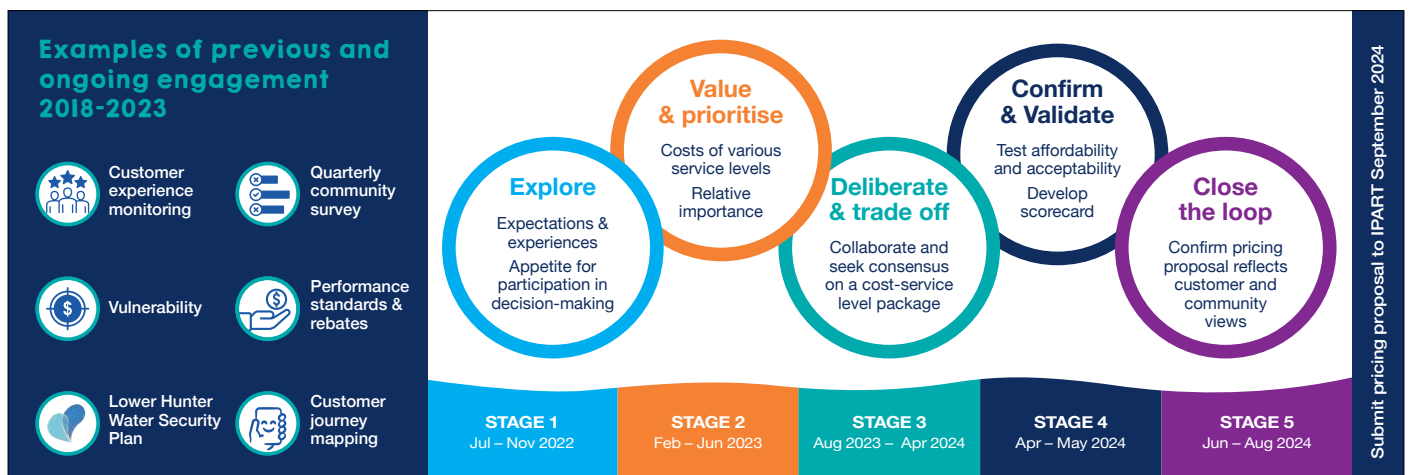
IPART sets the framework for the pricing review. They also scrutinise pricing proposals and hold the final say in setting maximum prices every five years.

#### Customers and community

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

### Engagement timeline

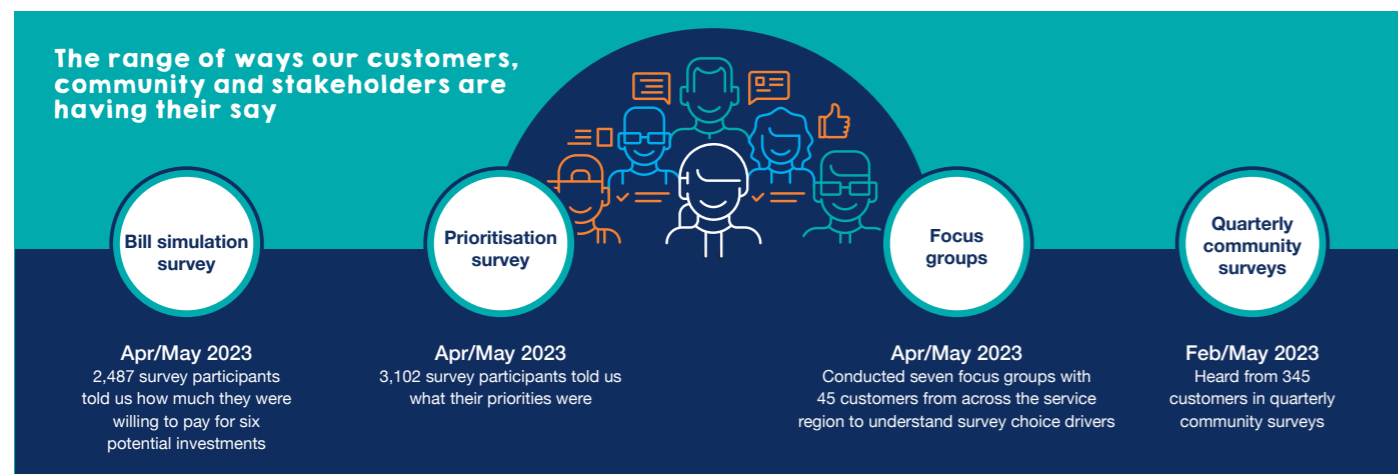
Each stage of our engagement is designed to deepen our understanding of what's important to you, your priorities and preferences. We started by taking a deep dive into the insights our customers and community have been providing us through our recent and ongoing engagement activities.



## What we did in Stage 2

Our engagement has been broad and deep and builds on what we learned through Stage 1 about the experiences our customers and community value, their concerns, and expectations. The focus for Stage 2 was on understanding the relative importance of topics and services, and views on getting the balance right between keeping bills affordable and providing the services our customers and community want from us.

We heard from more than 5,500 customers and community members through online surveys and a series of focus groups, conducted between February and May 2023. The topics and services included in the surveys and focus groups came from what we heard from our customers and community in Stage 1.



## Topics

Through a bill simulation survey, we asked participants to indicate their choice between different service level options through to 2030. Participants could then observe the impact of their choices on the average water bill for different types of customers. To gain a further understanding of the trade-offs, we convened seven focus groups representing different demographic groups, who were asked to complete the bill simulation survey and explain the reasoning behind their choices.

A second survey focused on gathering insights into participants' preferences for decision-making approaches and potential different service offerings from Hunter Water. Unlike the bill simulation survey that focused on the monetary aspect, the priorities survey aimed to be more inclusive and user-friendly, focusing on 'how' Hunter Water approaches challenging decisions. This survey catered to all customers and community members, including those who might not be comfortable with numerical information.

## The topics and services that we sought feedback on in Stage 2 were:



### Carbon reduction

Hunter Water's operations emit the equivalent of around 80,000 tonnes of carbon dioxide per year. To inform our targets, we asked our community how quickly that should be reduced, to help limit global warming, and which techniques for reducing carbon emissions we should prioritise.



### Digital meters

Digital meters can help us identify and fix leaks in our network, be read remotely and deliver an improved customer experience. We asked how quickly, if at all, we should replace mechanical meters with digital meters and if it should be on an opt-in basis for those customers who wanted them.



### Stormwater amenity

Hunter Water owns and maintains 92km of open stormwater drains in Newcastle, Cessnock and Lake Macquarie – mostly concrete lined. We asked what level of investment (if any) should be made to improve the way these stormwater drains look and how any costs should be shared.



### Customers experiencing frequent problems

Most of our customers enjoy reliable, high quality water and wastewater services year-round. However, there are almost 2,000 customers who have sub-standard services. Some have very low water pressure, others live in low-lying areas and when it rains their wastewater does not drain properly. A third group of about 30 properties are subjected to ongoing bad smells either inside or outside the house. We asked what level of investment we should make to provide more people with the high quality, reliable services that most customers already enjoy and what approach to address these issues would be fairest.



### Recycled water for community greening

Watering parks and sporting fields improves liveability, by promoting health and wellbeing. Switching from drinking water to recycled water or stormwater will keep these areas green, even during water restrictions. We asked what level of investment (if any) should be made to increase recycled water use for community greening and what types of areas we should prioritise.



### Alternative water sources for business and industry

Recycled wastewater schemes in the Lower Hunter provide around 6 billion litres of water per year that would otherwise need to be provided with drinking water. That's around 10% of the total water supply. We are already planning increases in recycled water and stormwater use for non-drinking purposes. This could benefit everyone by providing a climate independent water source and diversifying supply. We asked how much we should invest and who should pay.

## Results

There were relatively clear-cut preferences for some of the topics, and mixed views for others, with no clear consensus on 'how much' we should do and 'how' the services should be delivered.

We think it is important for us to understand the variation in preferences, rather than just the most common view. As a monopoly service provider, we deliver essential services (water and wastewater) to customers who mostly have no choice in who they buy their services from, and our costs are paid for by all customers.

The survey results, as well as feedback from other customer and community engagement, will be

given to a new community panel, which will be statistically representative of various customer segments to ensure good representation, and selected at random to remove biases. The community panel will consider all the evidence and provide recommendations for the good of the entire community.

*“Good survey. Good questions and good explanation. Thank you for the opportunity to participate”*

- Priorities survey participant

Some verbatim feedback from surveys and focus group participants include:

*"At the current climate with the cost of living as little increase to bills as possible, but investing to help those with the worst water services would be fair. Life's stressful enough without not being able to come home and have a warm shower or have basic water supply with no issues. Thank you for your service so far, it's been great for us".*

- Bill simulation survey participant

*"Some great strategies and future proofing for sustainability is very important. Thank you for the opportunity to contribute."*

- Bill simulation survey participant

*"Knowing what is included in the [overall] increase, I think it's ok. Different to when my landlord increases the rent for no reason, I can see the benefit here."*

- Focus group participant

*"Hunter water is doing an exceptional job providing clean water and wastewater services at a reasonable price."*

- Priorities survey participant

*"As long as costs are kept as low as possible I'll be happy."*

- Priorities survey participant

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



Affordability and cost of living pressures are of real concern to our communities. This concern extended to other people less fortunate. There's less appetite for bill impacts for things that people see as 'nice to haves'.



Fairness or equity remains important despite cost of living pressures. There's some support for resolving substandard service issues, particularly as the affected customers pay the same amount as those unaffected.



There's a need for further customer and community engagement on topics where there is a wide variation of views.

*"These are very difficult times with lots of changes happening everywhere so it is good to see Hunter Water reaching out for feedback. Well done."*

- Priorities survey participant



## Next steps

In the next stage of engagement (stage 3) we will recruit a randomly selected representative panel of about 50 customers and community members. The panel will meet over several days to consider evidence, deliberate, make trade-offs and reach consensus on an overall cost-service level package. The results from Stages 1 and 2, as well as feedback from other customer and community engagement, will be given to the representative community panel, who will consider all the evidence and provide recommendations for the good of the entire community. The panel's views and preferences will be incorporated to the maximum extent possible.

Thanks to everyone who participated in Stage 2. To stay up date and register to get involved in upcoming engagement activities as an individual, or on behalf of a business as an owner or manager visit:

[hunterwater.com.au/haveyoursay/2025-2030-price-submission](https://hunterwater.com.au/haveyoursay/2025-2030-price-submission)