

Attachment A: Assessment against IPART's good practice principles for customer engagement

At all stages in our 2025-2030 pricing proposal engagement program, we have aimed to use effective methods, unbiased explanations, inclusive opportunities for participation and been clear on the level of public participation in decision-making that has been offered (i.e. how the findings will be used). The assessment of our program against IPART's examples of principles for good practice customer engagement is provided below.¹

IPART principle: *Meaningful and sincere*

What we did

At each stage of engagement, we used our best endeavours to provide information in a form that was accessible and easy to understand so that participants could make informed contributions. Our written engagement materials went through a process of 'plain English' review to ensure that it was free of jargon and could be understood at a year 7 level of literacy. Surveys and complex materials also went through a cognitive testing process (pilot trials) and were adapted to improve understandability by a wide audience.

The Board and Executive Management Team (EMT) were closely involved in the engagement program, approving the engagement plan, receiving regular progress updates, endorsing prioritised lists of topics for deeper consideration, approving expenditure related to incorporating responses to recommendations on which we promised to 'collaborate' and taking views into consideration for topics on which we promised to 'consult' (on the IAP2 spectrum of public participation in decision-making).

The Board (including the Managing Director) observed almost 90 hours of community workshops, focus groups and deliberative forum sessions with the Community Panel. The EMT observed over 135 hours of engagement.

The Board, and sub-committees, considered 15 stand alone papers. Numerous other papers and investment plans also referenced customer and community insights in framing the context and recommendations (such as affordability, expenditure envelopes, price structures and price levels).

Importantly, the Chair and Managing Director both reiterated the important role played by Community Panel members when welcoming them to the start of deliberations. Both also explained the drivers and reasons for the baseline bill increase unable to be influenced by the Community Panel (estimated new bills before their deliberations), materiality of topics able to be influenced, and both were available to answer questions.

IPART principle: *Diverse and inclusive engagement that is accessible and tailored to the customer base*

What we did

We put a lot of thought into the barriers that could prevent people from participating, whether they be economic, language, ability or us potentially not offering the methods of engagement that best suited individual customers. Our approach was tailored to both the topics and the different engagement preferences of our customers, community members, peak bodies, and stakeholders.

¹ IPART, July 2023, *Water regulation: handbook*, pages 17-25. Hunter Water analysis.

We surveyed residential and non-residential customers to understand their preferred level of involvement in customer research activities, likelihood of participating, and preferred methods of engagement. We used this information to help guide the development of our engagement plan.

Figure 1 shows around three quarters of residential respondents said that they were likely to participate in an online survey. Less than one-third of participants were likely to participate in any of the other consultation activities presented. Activities requiring the most dedicated time (deliberative forums, in-person workshops and joining a Hunter Water consultative group) were the ones they were least likely to participate in.

Figure 2 shows similar results for the non-residential respondents with 77% saying they were likely to participate in online surveys and 85% stating that would be unlikely to participate in deliberative forums (the activity requiring the most dedicated time).

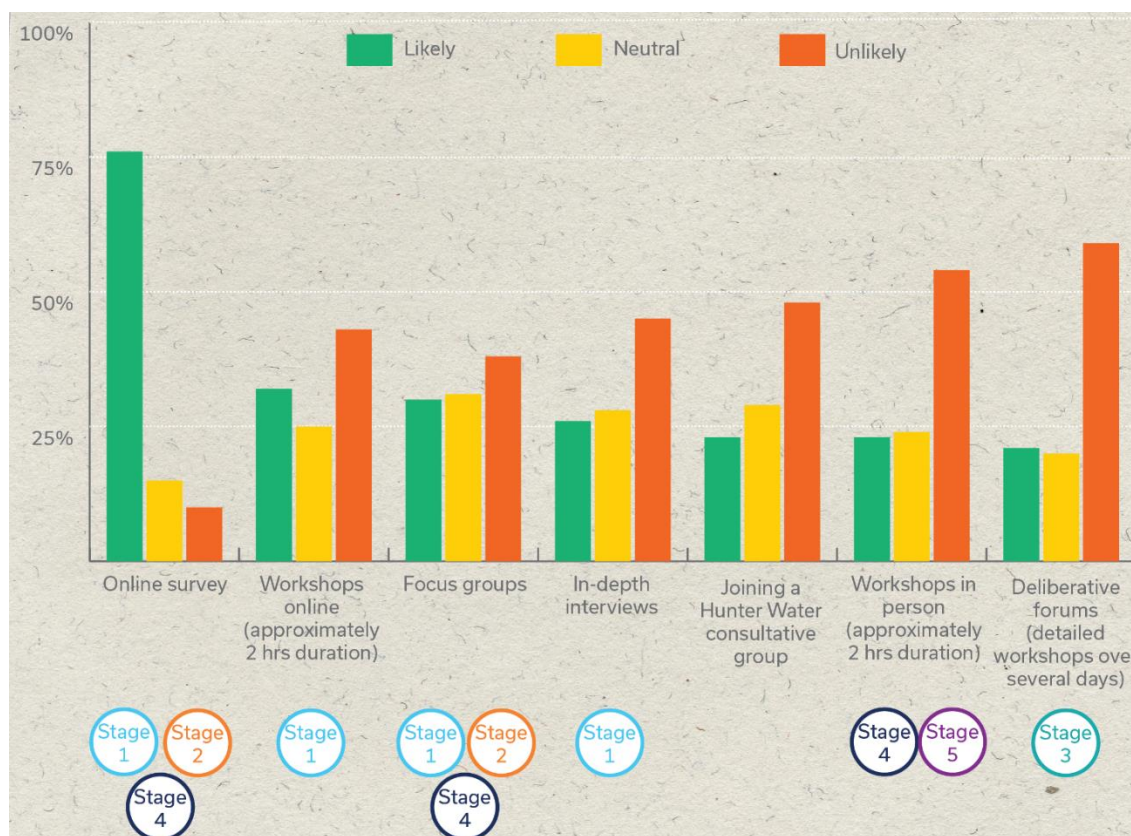
Customers told us that they would prefer deeper engagement on topics that impact bill affordability.

We note that this survey was conducted during the COVID pandemic lockdown, which was likely to skew preferences to online participation methods.

In our five-stage multi-year engagement program, we used a mixture of methods, as shown in Figure 1 and Figure 2. We conducted online surveys in stage one, and for our stage 2 bill simulator and priorities survey, our price structures engagement, and we also tested a variety of topics through our quarterly engagement survey. We used a deeper, deliberative approach to determine customer’s recommendations on complex key topics that would result in material expenditure decisions.

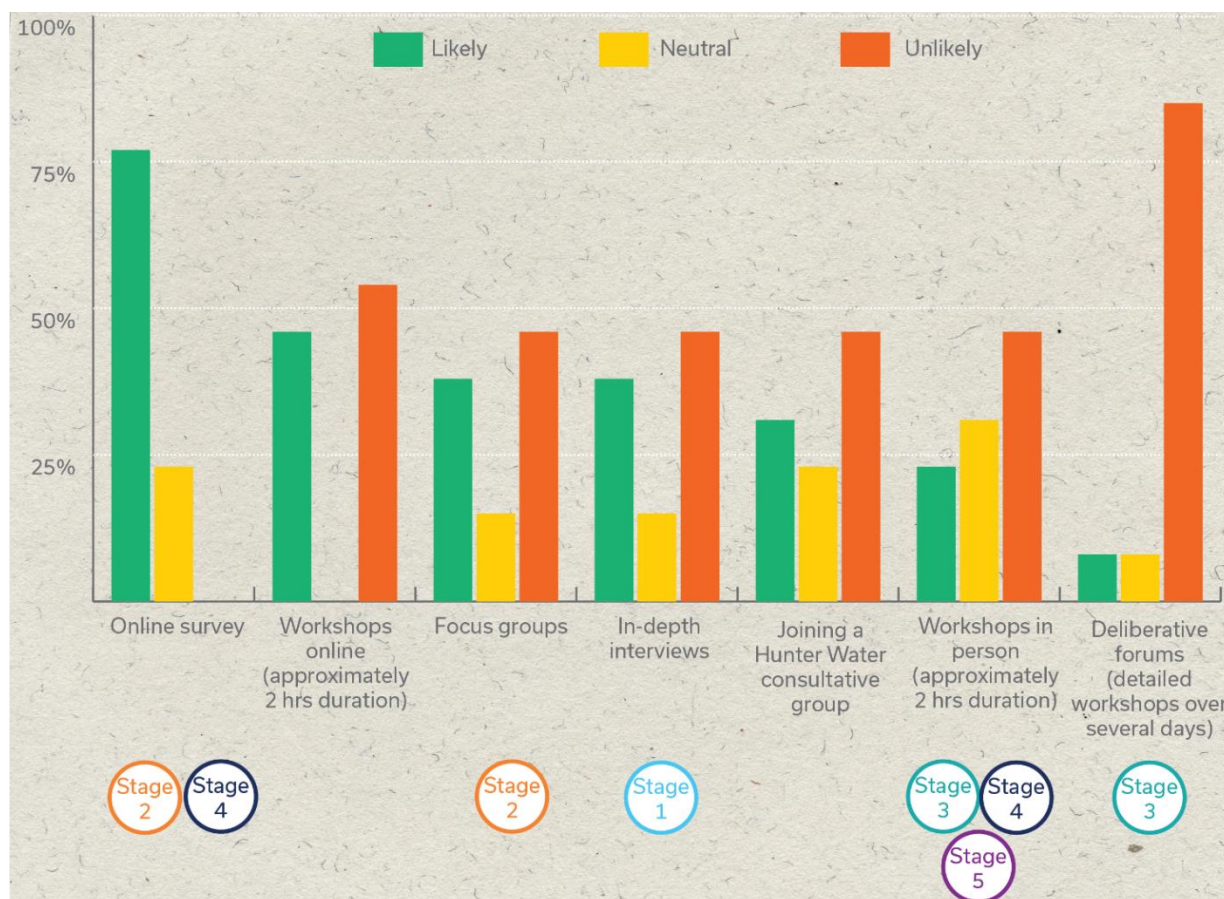
This approach meant we could be both inclusive, and representative, across the range of activities. We also triangulated the insights gained from using different methods. We did not identify any inconsistencies of concern between findings from different methods (inconsistencies could indicate a range of potential biases).

Figure 1: Residential customer and community engagement preferences



Notes: Question “How likely would you be to participate in the following types of Hunter Water consultation?”. Sample size (n) = 517.

Figure 2: Non-residential customer engagement preferences



Notes: Question “How likely would you be to participate in the following types of Hunter Water consultation?”. Sample size (n) = 22

Our engagement plan articulates specific ways that we strived to make our engagement diverse, inclusive and accessible and is publicly available on our website <https://www.hunterwater.com.au/haveyoursay/2025-2030-price-proposal>.

Specific examples of ways in which we tailored our program to our customer base included:

- When we presented the baseline bill impact to the deliberative forum Community Panel, we constructed a physical representation of the bill to assist with understanding. The information being presented was complex and having physical building blocks allowed less numerate panel members to more fully participate (see Figure 3).
- We also provided different activities to accommodate different levels of numeracy. We had a qualitative prioritisation survey run in tandem with a bill simulation survey, so that those with lower levels of numeracy could still participate and provide principles-based insights.
- As described in our response to the ‘meaningful and sincere’ principle, our engagement materials went through a ‘plain English’ review and surveys and presentations went through a cognitive testing process.

Despite our efforts, we faced challenges recruiting participants from some demographic groups: young people, businesses, and the Aboriginal community. We learned from our experience, and engaging with these cohorts will be a continuing focus for improvement.

In stage one listening post community workshops, 4 per cent of participants were aged 18 to 29 compared with around 17 per cent of the community.¹ Similar proportions of young people participated in the stage two bill simulator survey and priorities survey, and in focus groups across all stages. Results from the two surveys were weighted to be more representative of the community.

Unfortunately, there was no representation from people under the age of 29 on the Community Panel. We put extra effort into promoting expressions of interest from this cohort (see Figure 1.4 of our pricing proposal). We also took a range of actions to fill this gap, as described in section 1.2.2 of our pricing proposal.

We continued to find it challenging to recruit non-residential participants to engage with us. In our experience, there are very limited registrants on reputable survey panels from our region (up to 300 businesses in Sydney compared with 15 businesses in the Lower Hunter). Use of social media, our website, Newcastle Herald website and Business Hunter website advertising has previously only yielded two survey responses. Direct invitations to 4,000 email addresses from the Australian Business Register yielded 49 responses (1.2 per cent response rate).

For our 2025-2030 pricing proposal engagement program, we had mixed experiences. Direct promotion of an online workshop yielded mainly 'bot' participants and a couple of small businesses in the service industry working primarily from home. We also attempted cold calls, warm calls and hard copy mail invitations with limited success. We did have an appropriate level of representation on the Community Panel (see Figure 1.5 in our pricing proposal).

Hunter Water is continuing to build and deepen its relationship with the traditional custodians of the land and water. This will take time and we expect that this will continue to develop over the 2025 – 2030 period.

Aboriginal people participated in our engagement for the pricing proposal in surveys, as Community Panel members in the deliberative forum, and in dedicated focus group cohorts. We didn't engage deeply with Aboriginal community leaders or representatives as we took a deliberately measured approach. This recognised the impact of the Voice referendum on the community at that time, and the need for meaningful, respectful, long-term and sustainable engagement with our Aboriginal community.

¹ ABS 2021 Census, number of people in the age brackets 20-24 years and 25-29 years in the LGAs of Maitland, Newcastle, Port Stephens, Cessnock, Dungog and Lake Macquarie, percentage excludes the age brackets of 0-19 years. Note: There are legal considerations with participation of minors in research. ABS age bracket 15-19 years was therefore excluded.

Figure 3: Explaining size, and drivers, of the unavoidable bill increases that were outside the scope of the Community Panel’s deliberations in Stage 3



IPART principle: *Balance customer, community and environmental needs*

What we did

As described in Chapter 1 of our pricing proposal, we have an average of 10,000 touch points with customers each year, our ongoing customer experience research and community engagement programs, as well as our embedded approach to major project engagement. These continuously feed insights as we develop our plans and proposals.

We also revisit, test and confirm past insights from our community, because preferences change as the community changes, as does the context that underpinned their preferences. For example, the cost-of-living pressures that have been top of mind for customers recently will hopefully ease in the future and preferences to address environmental issues may change in times of drought and with a changing climate.

IPART principle: *Relevant, timely and appropriate*

What we did

Our rolling program of customer and community engagement, where each stage fed into the next, enabled us to involve customers in setting priorities that matter most for deeper engagement, and gave us opportunities to periodically reconfirm their priorities. Each stage of engagement deepened our understanding of what’s important to our customers and community, and their priorities.

Early on, we identified topics of interest to customers, where their input could directly influence material investment decisions and bill impacts. Our criteria for including topics for the third, deliberative engagement stage were that the topic was important to customers, had a material bill impact and customers had the ability to influence the outcome. This process is described in more detail in section 1.2.1 of our proposal.

The fifth and final stage of engagement was a ‘Close the Loop’ session with the Community Panel, where we openly and transparently reported back to them how their recommendations had been incorporated into our pricing proposal.

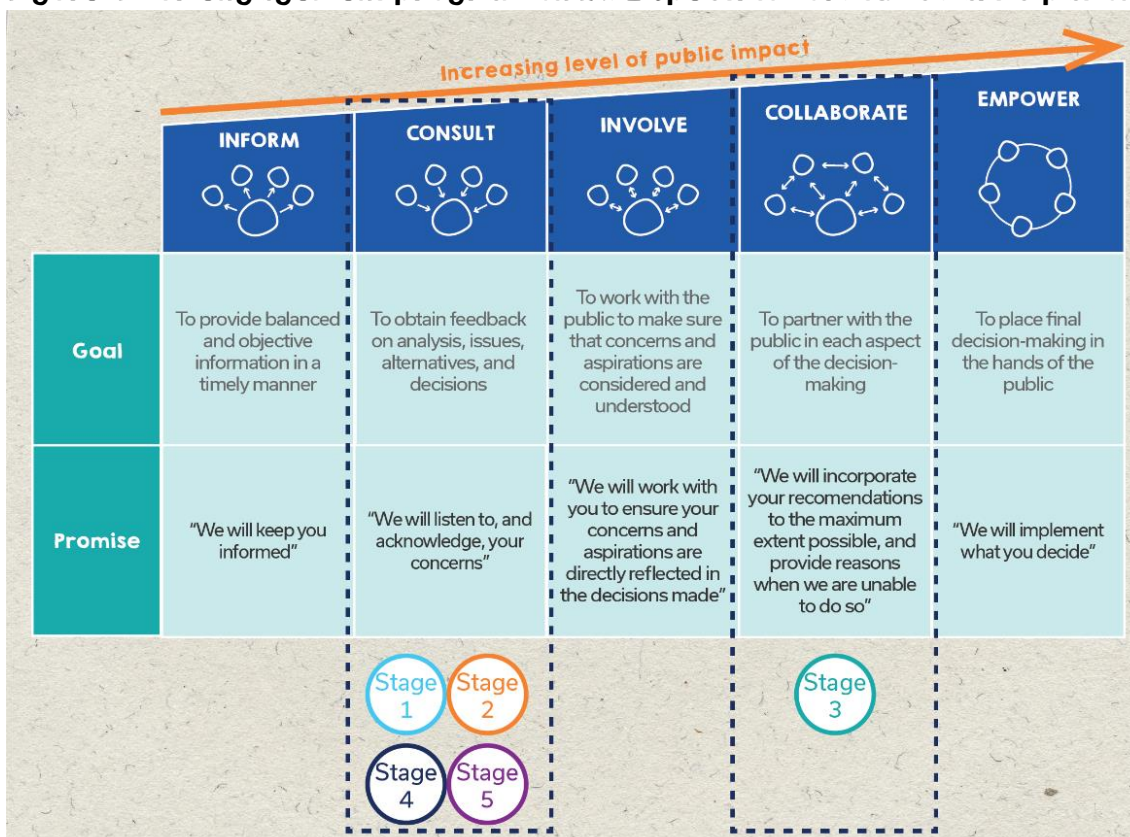
IPART principle: *Transparent and accountable*

What we did

A dedicated area our website was used to publicise our engagement plan, encourage participation, and share a summary of findings from each stage of engagement.

At the start of each engagement session (or method) we described our promise on the IAP2 Spectrum of public participation, and how the findings would (and wouldn’t) be used (see Figure 4).

Figure 4 Our engagement program on IAP2 Spectrum of Public Participation



Source: Based on IAP2, 2018. Retrieved from https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf

Most activities included an opportunity for participants to ask questions. Relevant participants were subsequently provided with personal responses to any 'out of scope' questions.

In our stage two bill simulator survey and priorities survey, participants were asked "How did you find this exercise?" and the three response options were "fair and authentic", "no opinion" and "loaded and leading". Around 10 per cent and 13 per cent responded "loaded and leading" for each of the surveys respectively. These results are a bit higher than average for a study of this type,¹ but similar to other corporations where there is also a large unavoidable price rise.

People who said that the survey was "loaded and leading" were then asked, "What would need to change for you to feel that the exercise was fair and authentic?". We provided this information to the Community Panel for their consideration alongside the survey findings and have now made the information available publicly.²

Following each deliberative session, Community Panel members completed a feedback poll:

- I had an opportunity to ask questions during the session (80-100% agreed or strongly agreed)
- I had an opportunity to share my thoughts and opinions (80-100% agreed or strongly agreed)
- The information presented today was useful (66-90% agreed or strongly agreed)
- There was enough time for discussion and to contemplate my responses (52-100% agreed or strongly agreed)

Around 90 per cent of Community Panel members expressed interest in continuing to engage with Hunter Water, which shows confidence that our approach was genuine, relevant and transparent.

In the two activities where we tested customers' cost-service level trade-offs, the base (uninfluenceable) bill increase and associated drivers were clearly explained up front (i.e. bill simulator survey and deliberative forum). Examples of this are shown in Figure 3 and Figure 5.

¹ Below 10% of "loaded and leading" responses is good, 10 to 15% is acceptable, and above 15% is poor.

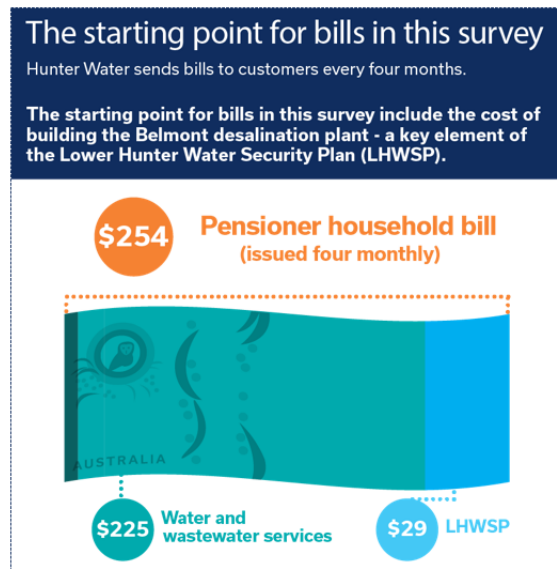
² 2025 Pricing Proposal Community Panel, Engagement Report, pages 92 to 95. Available on our website at: <https://www.hunterwater.com.au/haveyoursay/2025-2030-price-proposal> under the heading Stage Three.

Figure 5: Explaining size, and drivers, of the unavoidable bill increases in Stage 2 bill simulator survey and focus groups



What the bill simulator is about

- Hunter Water is faced with some important decisions that will impact customer bills.
- The biggest decisions that have already been made relate to building the Belmont desalination plant. This is a key element of the Lower Hunter Water Security Plan.
- The community was extensively involved in developing the Lower Hunter Water Security Plan over three years, and the plan was approved by the NSW Government in April 2022.
- While we will not know the exact figures until the desalination plant is built, the best estimate is an increase in average annual bills in the order of \$87 from 2025 onwards, or \$29 per four-monthly bill.
- The choices you make in the bill simulator would be in addition to this increase if approved.
- Hunter Water is aware that customers don't want a price rise, **so your responses to the bill simulator won't be taken as authorisation to raise prices.**



The deliberative forum Community Panel were presented with the baseline bill impact and that their recommendations for investment would be on top of this increase. The presentation and associated physical baseline bill clearly articulated what was out of scope for their deliberations (see Figure 3 as an example).

As described in section 1.2.3 of our pricing proposal, in stage five we closed the loop with the Community Panel. As part of this process, we demonstrated:

- what was different in our pricing proposal in response to their recommendations
- the expenditure included in our pricing proposal in response to their recommendations remained within both their recommended (present value) revenue requirement and the associated bill impacts on which they had based that recommendation
- the baseline (unavoidable) bill impact included in our pricing proposal was similar to (lower than) the estimate that we had shared within them prior to their recommendations, even though we were describing it slightly differently.

The Community Panel members present almost unanimously indicated that we had kept our promise to “Collaborate” with them through the deliberative process.¹

Through the deliberative process we built significant trust, with 75 per cent of respondents to a post-event survey saying they would be more likely to be involved in government decisions that might affect them. The remaining 25 per cent of respondents said there had been “no change”.

¹ “Collaborate is the second highest level of public participation on the IAP2 Spectrum (see Figure 4Error! Reference source not found.).

IPART principle: *Representative, reliable, and valid design*

What we did

We have chosen methods to provide all customers with a high level of influence in how services are delivered. We have also balanced representativeness with inclusivity in the following ways:

- Invitations to participate in surveys sent to our eBilling database (approximately 100,000 customer email addresses)
- Promote widely through our social media platforms (Facebook, Twitter and LinkedIn) including geo-targeting for specific Local Government Areas in our area of operations when required e.g. recruitment for community forums
- Promotion at community events such as open days, disability expos
- Focus group participants were recruited from panels to form cohorts with specific characteristics, e.g. customers experiencing vulnerability, young people, older people, Aboriginal people, tenants
- Our Quarterly Community Survey program incorporates two separate data collection methodologies, a link distributed by an independent online survey panel provider to obtain a demographically representative sample of our area of operations and an open link version available to our entire community
- Conversations with stakeholder groups
- Participants for the deliberative panel were randomly selected in a two-part process. Invitations to register for the panel were sent to a sample from our entire customer data base. Participants were then selected from the registrations by an independent company and aligned to be representative of the demographic characteristics of our area of operations. Tenant customers were welcomed. However, Hunter Water does not hold tenancy information and we inferred this using available data (e.g. where the billing address differs from the residential address).