



WaterNSW operating licence review
2023-24

Public hearing transcript

Tuesday, 20 February 2024

Water >>

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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The Independent Pricing and Regulatory Tribunal

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WaterNSW operating licence review 2023-24

1.1 Welcome

Andrew Nicholls: Good morning again, everyone. Let's make a start. Welcome to today's public hearing. My name is Andrew Nicholls, I am the CEO of the Independent Pricing and Regulatory Tribunal and I'll be your MC for today.

Joining us today is our Tribunal member, Jonathan Coppel. Carmel Donnelly, our Chair, was due to join us today but unfortunately, she has succumbed to COVID, so she is not quite up to joining us today. We certainly pass on our best to Carmel and pass on her apologies for not being able to make it today. We also have a number of IPART staff today joining us; Michelle Coco, Jonathan Hopson, Mike Smart, Maria Morahan, Leonie Huxedurp, Shweta Shrestha and Nahrain Oshana.

I'd like to open by saying that we really welcome you today and we value your input into this review and we appreciate your time in participating in today's hearing. It's great to have so many of you joining us.

Soon I'll hand over to Jonathan who will give you an overview of the licence review but before I do, I'll just go over a few housekeeping notes. If I could ask you to please keep your microphone muted when you're not speaking to avoid feedback and background noise. But we do encourage you to leave your camera on if your Internet connection is stable, and if you're comfortable doing it as it helps us all feel connected given that this is a virtual environment.

If you would like to speak or raise any points, please make sure you say your name, and if you're representing an organisation, you might make sure that that's shown. There are instructions for how to do that.

To ensure we have an accurate record of the discussion today, we will transcribe this hearing and we will upload a copy of the transcript onto our website in a few days' time. We're also recording this hearing to ensure that the transcription is accurate, and so that Carmel, who couldn't make it today, is able to see this hearing. We do not intend to publish the video recording so if you do have any concerns at all about the recording, I want to assure you that the recording will not be made available for public viewing.

Being a public event, everyone present, including media, is free to publish and refer to whatever is said during this event today.

You will have a chance to ask questions following our presentations, and we'll break the day up into 3 main sessions, followed by Q&A. We'll be using the chat box in Zoom where you can write your questions and we'll come to those as we can. Alternatively, you're welcome to raise your hand using the Zoom toolbar during the Q&A session.

When we call on you, please take yourself off mute to ask your question. If you are asking your question, if again, you could say your name and your organisation. We will check if there's anybody joining us by phone to see if they have questions as well.

Finally, we'd like to remind you that we all have responsibility to ensure a respectful environment today, so that everyone feels safe and comfortable sharing their views. Everyone is encouraged to share their views or to ask any questions that you'd like to ask. But again if I could emphasise the importance of being respectful to everybody who's attending today.

Now, with those housekeeping items out of the way, I'll now hand over to Jonathan.

1.2 Acknowledgement of Country and overview of the review

Jonathan Coppel: Thank you, Andrew. Before we begin, I'd like to acknowledge the traditional owners of the lands and waters from which we have all joined today. We pay our respects to their Elders, past, and present. We acknowledge the ongoing connection that Aboriginal people have to this land and water and recognise Aboriginal people as its original custodians. We would also like to acknowledge any Aboriginal or Torres Strait Island people who are with us today.

Let me also thank you very much for joining us. We welcome and appreciate your input into this review of the WaterNSW operating licence and I want you to feel absolutely comfortable to raise concerns, suggestions or to ask questions. We have a number of IPART people here today and our focus is on listening so the Tribunal can improve on the draft recommendations we are consulting on.

I'd like to make some opening remarks and set the scene for today's hearing. We all rely on water services one way or another and often we have no choice in who provides those services. For that reason, businesses like WaterNSW are regulated by IPART.

IPART's role includes auditing WaterNSW and ensuring compliance with the operating licence, and every few years reviewing the licence and recommending to the Minister if there should be changes in licence conditions. We also regulate prices, which I'll say a little more about in a moment.

WaterNSW is a State-Owned Corporation and a monopoly service provider that provides two-thirds of the water used in NSW to its customers across the state. Amongst other things, WaterNSW manages and operates the bulk water supply system for Greater Sydney, manages and operates the Fish River Water Supply Scheme, and supplies NSW's bulk water needs outside of Greater Sydney.

The purpose of the operating licence is two-part. First, to authorise WaterNSW to provide water services. Second, to set the minimum standards that WaterNSW must meet in providing these services. The minimum standards focus on the protection of public health, the interests of customers and the environment, and ensuring long-term water availability. The licence is an enforceable instrument which is subject to ongoing compliance checks and there are penalties if WaterNSW does not comply with the terms and conditions of the licence.

As I mentioned at the beginning, IPART also regulates WaterNSW's prices. In the pricing review, WaterNSW has an opportunity to consult with customers and propose services and quality improvements above the minimum standards set in the licence that customers have indicated that they support.

So, the licence sets the minimum standards and services, above that level are considered in the context of any pricing impacts.

I want to assure you that the Tribunal is aware of the current cost-of-living pressures and the need to minimise the affordability impacts from our decisions. As the Tribunal develops its final recommendations to the Minister, we will keep in mind what proposed changes are best assessed in the pricing review and what matters may be more appropriately addressed through government policy or ministerial direction rather than licence conditions.

I'll now turn briefly to the next steps in this operating licence review.

We commenced our review in August last year by publishing an Issues Paper. Several of you provided feedback to that paper, which informed our early thinking. We published our draft recommendations for the new licence on our website late last year, and a supplementary information paper earlier this month that proposed some additional licence clauses, elevating reporting requirements from the reporting manual into the licence.

You can provide verbal feedback on the proposed changes today and you are welcome to ask any questions or raise points for our further consideration. We also encourage you to make a written submission through our website by 8th of March. The Tribunal will then consider everything that is said today and raised in submissions.

After considering all your feedback, we will finalise our recommendations and provide them to the Minister for Water in May. We will then publish a report explaining our recommendations in July once the new licence is granted.

To reiterate, our aim today through this review process is to ensure that the licence supports good outcomes for WaterNSW's customers and for NSW. If there are issues raised today or in submissions that are relevant to our upcoming review of WaterNSW's prices, we will also consider that feedback in the price review. Thank you.

1.3 WaterNSW introductory remarks

Andrew Nicholls: Thank you, Jonathan, for kicking us off today. I want to emphasise that today we are here to listen to the feedback of stakeholders about what might be in WaterNSW's licence. As such, we aren't conducting a review of WaterNSW and so there's no expectation on any of the WaterNSW people who are present with us today to respond to any points.

That said, we are pleased that Andrew George, the CEO of WaterNSW, has agreed to make some introductory remarks. After that we will present our draft recommendations for key areas of the licence and throw over to you for Q&A. But first I'd like to invite Andrew George to say a few introductory remarks.

Andrew George: Thanks Andrew and thanks also to Jonathan for the opportunity to be here today. Obviously, we welcome the opportunity public forums like this provide, to hear the views of our customers, our community members, and stakeholders more broadly.

I think the review of the operating licence is another one of those very important regulatory processes, not only because it ensures we are held accountable for our performance in delivering our legislated functions and the contemporary government policy directions of the day. But also, because it's an opportunity to again ensure customer and community member feedback is heard by ourselves and our regulators, and has the opportunity to be reflected in defining the performance outcomes that we're ultimately held to.

And so, just like the extensive engagement we do undertake on our pricing submission, which is underway at the moment, where we can hear your views and the thoughts on what you support, perhaps what is working or not working, what improvements can be made, or indeed how any proposed changes might affect you. That is incredibly valuable feedback and we do listen intently. With that in mind, we do welcome the opportunity to hear the discussion today and we certainly look forward to seeing how it will shape our future performance under a refreshed operating licence. Thanks, Andrew.

Session 1

1.4 IPART presentation

Andrew Nicholls: Thank you, Andrew, for those remarks.

I'll now invite the IPART secretariat to take you through our draft recommendations for the licence. Today we won't have a chance to discuss all of the draft recommendations. Instead, we'll focus on those which we think are of most interest, but please don't let that stop you raising concerns that you might have about any aspect of the of the proposed licence conditions.

We'll present today in 3 sessions, each covering different aspects of the draft recommendations. Each session will be followed by an opportunity for us to have a discussion where you can ask questions or make comments on our draft recommendations in each of these areas of the licence. Please wait until then to ask your questions, but if any questions occur to you as you listen to the sessions, please just drop them in the chat, and we'll try to get to you as best as we can.

We may get a lot of questions today and if that happens, I'll certainly do my best to get to everyone. If we do run out of time, we will take them on notice and respond after the hearing. So, it is worth putting your questions in the chat even if we can't get to everyone's questions today.

Now, I'll hand over to Leonie Huxedurp and Shweta Shrestha who will present in this first session. First up, it's Leonie. Thanks.

Leonie Huxedurp: Thank you, Andrew. Good morning, everyone. I'm kicking off today with our key recommendations relating to water planning and climate risk readiness.

Water planning and climate risk preparedness ensure sustainable services now and into the future. Water efficiency and water conservation are NSW government priorities as identified in policies such as the NSW Water Strategy, the Water Efficiency Framework, and the Greater Sydney Water Strategy.

We have made draft recommendations to maintain some existing water planning conditions and include new requirements to participate in and support water planning activities for NSW. This is to ensure that WaterNSW effectively and efficiently plans for, and responds to, future water supply and demand.

In relation to water conservation planning, we consider that water conservation measures should commence prior to drought declarations to ensure water is conserved and not consumed. This would improve resilience by reducing impacts of drought and enable a faster recovery.

To achieve this, we propose to recommend requiring WaterNSW develop and maintain a water conservation plan, that is consistent with broader government objectives. This is similar to the current licence requirements to maintain a water conservation strategy and program. We also propose adding a condition requiring WaterNSW to review and update its Water Conservation Plan and provide the updated version to the Department of Climate Change Energy, Environment and Water (DCCEEW) and IPART annually. The purpose of this reporting is primarily to inform DCCEEW's water planning function. This is important because WaterNSW manages catchment infrastructure works to protect the quantity of water available for its customers.

As for system yield, this is the amount of water WaterNSW estimates can be supplied from water sources within a catchment area. In addition to the existing requirements, we recommend requiring WaterNSW consider climate change impacts and consult with Sydney Water when recalculating system yield. We've also sought to clarify the definition of 'in the long term' to mean 30 years.

We have proposed these changes as we consider this recalculation would provide a more accurate picture of water availability with consideration of long-term changes to rainfall, temperature, and other climate-based conditions.

The delivery of the Greater Sydney Long-term Capital and Operating Plan - which we call the LTCOP - and related actions are currently shared between WaterNSW and Sydney Water. This LTCOP is a plan that sets out WaterNSW's key infrastructure and operational decisions and provides the long-term context for future pricing proposals to IPART.

We propose to recommend WaterNSW update the LTCOP at least once during the 5-year licence term, or additionally at the Minister's request, and for it to consider both the NSW Water Strategy and the Greater Sydney Water Strategy.

We propose these changes as we consider that long-term plans provide a framework for strategic decision making. They allow water utilities to set clear goals, prioritise investments and align resources with long-term sustainable water supply objectives.

And now onto our proposed climate related proposals. Climate change is a threat to WaterNSW in terms of both water availability and quality. Therefore, there is a very strong incentive to consider and address it. Climate risk readiness prepares us all for sustainable services now and into the future.

The current licence does not address climate risks. Our draft recommendations add new obligations, consistent with the existing framework of the NSW Climate Risk Ready Guide, for WaterNSW to consider climate readiness in its services.

We propose prescribing initial steps - like requiring WaterNSW to designate a climate change risk officer and executive level sponsor by November this year - which then progresses to more outcomes-focussed requirements as WaterNSW's climate risk management matures.

Climate risk maturity is a key concept that underpins the NSW Climate Risk Ready Guide. Our draft recommendations require WaterNSW to plan and manage climate risk to initially achieve a maturity target level of systematic - which is the 3rd of the 5 maturity levels set out in the Guide, and then progress towards the next level of "embedded" by November 2029.

Finally, we would like to note an important aspect of the climate change conditions which is the requirement in the draft licence for WaterNSW to annually make publicly available on its website climate related disclosures and progress towards Net Zero, and for it to be consistent with the International Sustainability Standards Board standards or equivalent. However, these disclosure requirements will only apply from July 2025 if it is not required by other legislation.

While WaterNSW already reports its emissions to the National Greenhouse and Energy Reporting Scheme, we consider that this step of making the information publicly available on their website increases transparency and public accountability.

Thank you. I will now hand to Shweta who will present on our draft recommendations for catchment management and river health.

Shweta Shrestha: Thank you, Leonie. WaterNSW is responsible for managing catchments in Greater Sydney, with the aim to protect and enhance water quality and availability. To do this effectively, WaterNSW continues to develop its understanding of key changes, risks and threats posed to the catchments. They also educate relevant stakeholders about the ways that they impact water quality and availability.

The current licence allows for this, by requiring WaterNSW to maintain a research program related to the health of the Greater Sydney catchment. And also to undertake an educative role in this area. The licence does not oblige WaterNSW to manage catchments outside of the Greater Sydney region. It also does not explicitly require WaterNSW to promote river health.

We consider that catchment health correlates to the quality and quantity of water available for use. There is a link between river health and catchments, as evidenced in the 2023 independent review into the fish kills at Menindee. Research programs allow WaterNSW and its stakeholders to better understand key risks and threats to the catchment and river systems. We have proposed expanding the scope of the research programs to include relevant catchments and river systems outside of the Greater Sydney area. We also seek to expand the scope of community education programs to include the regional valleys in which WaterNSW operates.

Catchment management activities in these areas are not solely the responsibility of WaterNSW. However, requiring WaterNSW to undertake research and education activities in these areas is likely to positively impact catchment and river health by improving catchment managers' understanding of any impacts and trends affecting their systems. This could translate to broader water security and water quality benefits.

We note that there is some uncertainty about the costs and benefits resulting from the expansion of the research and education programs within the licence. We welcome your thoughts on the impact that these proposed obligations would have. This includes quantifying or qualifying any behaviour changes that we could expect to drive, or why these changes are beneficial to stakeholders.

Thank you. Back to you, Andrew.

1.5 Q&A session

Andrew Nicholls: Great. Thank you, Shweta. Now I'd like to open the floor for any comments or questions that you might have on our draft recommendations around water planning, climate risk readiness, catchment management, and river health.

I encourage everyone present to share their views or to ask any questions. If you're online and would like to say something, just put your hand up or otherwise I encourage you to drop it into the chat.

We have Jennifer McLeod joining us.

Jennifer McLeod: Thank you. I'm from Coleambally Irrigation. I have 2 questions.

The first question relates to, from my perspective, what seems to be very significant overlap between what you're putting in the WaterNSW draft operating licence and the roles and responsibilities of DCCEEW, particularly in the Murray-Darling basin. So in the basin, we've got a really complex planning framework. We've got water resource plans, and they've got a whole lot of different elements in them that relate to water for critical human need and planning for drought. We've also got regional water strategies being developed by the NSW Department. So, I'm quite confused around the additional responsibilities being put in Water NSW's licence. That's my first question.

My second question relates to, some of these things are major change from WaterNSW activities. I'm interested in knowing what IPART is thinking in terms of who should be responsible for paying for these additional activities.

Andrew Nicholls: Is there anyone from IPART? Generally – I think if I just make a couple of comments, but I'm happy to throw to my colleagues – we would be seeking to avoid regulatory overlap. Very happy to take onboard your comments about what is a complex regulatory environment. It is important that we are ensuring that we're not creating that kind of duplication. Happy to take that on notice.

The question of who pays is an important question. I think it echoes the comments that Jonathan made in his opening statements there about really wanting to take into account what's appropriate to put in the licence, what might be appropriate policy action, what might be appropriate to be managed through some other mechanism. I think they're valid considerations.

Were there any other comments?

Jonathan Coppel: I'd just like to – thank you very much, Jennifer McLeod, for those comments. They're certainly ones that we will take into consideration in reviewing the work for the draft licence.

As Andrew has mentioned, you raise a number of issues, that sort of straddle this distinction between the minimum conditions and those actions that sort of go beyond those minimum conditions, which would be something that would be reflected in the pricing review if they were to be something that was accepted by the customers of WaterNSW.

I'm sorry, I was trying to put my hand up, but I'm so familiar with Teams that I've lost familiarity with Zoom. I just wanted to thank you for participating today, and also for sharing that view with us.

Andrew Nicholls: Thank you, Jonathan. Yes, sometimes the tech is a challenge.

Claire, I see you've got your hand up. You've also asked a couple of questions in the chat. Happy for you to speak to those questions if you'd like or if you have another question there.

Claire Miller: The first one we would like a lot more detail on is why IPART is suggesting that WaterNSW's remit should be extended to catchment management activities. Particularly undeclared catchment, given that we've already got the LLS, we already have agencies like Fisheries Management inside DPI, multiple agencies whose actual remit is to research the catchment management impacts on things like water quality and water quantity. Their job is also to come up with programs to address that.

One of the biggest drivers of water quality degradation in inland rivers is carp, European carp. So why on earth would – we're sort of being asked here to somehow, now, WaterNSW is going to start doing research into how carp are damaging water quality. And it's certainly not going to be paying to do something about it.

So I just can't see why IPART would be suggesting that we water users could end up paying to duplicate services and programs that are already being done by other agencies.

Andrew Nicholls: Thanks very much for that, Claire. I'm not sure if anyone from the team wanted to take that.

I think certainly you'll see that's a big question mark for us if you look at our cost-benefit analysis. It's not certain that this is something that we will do in the final version of the licence.

We're very much interested in getting people's feedback about the benefits. And certainly your comments about the overlap with other areas of government is something we look at very, very clearly and seriously. Thank you very much for raising those points. We're very live to them.

Claire Miller: Yeah, and just the other one, which is an ongoing issue around climate change adaptation measures.

We have an 'impactor pays' model that IPART appears pretty wedded to. I just think we need to have a very, very clear conversation here about who carries the costs of any climate change adaptation activities by WaterNSW, given that in the very literal sense it's not water users who are the impactors here.

The impact is being caused by the activities of every single one of us just living a normal Western life with all the services, transport, food, the whole lot that goes into all of that. I've just written there the counterfactual is that none of this climate change adaptation in terms of water resource management would actually be necessary if it wasn't for every single one of us 9 billion people on the planet contributing to the problem.

So that's really more of a comment and obviously we will reflect that in our submission. Thank you.

Andrew Nicholls: Thank you, Claire, happy to take that as a comment. We do appreciate you raising those points. They are helpful for us in working through these important issues.

Lorraine, Lorraine Wilson.

Lorraine Wilson: Thank you, Chair, for taking my question. We have a number of water bottling plants in our particular area. Are there any licence restrictions being looked at in view of the climate change preparedness in maintaining a moratorium on future licence extensions?

Andrew Nicholls: I'm just wondering if one of the team can answer that question, that's a level of detail I'm not sure about. Happy to take that one on notice if I don't have – oh, Maria.

Maria Morahan: Sorry I should work at how to raise my hand. Hi Lorraine, thank you so much for your question.

Ultimately, the licence doesn't necessarily restrict any licence requirements. All we'd be looking at in this space is for WaterNSW to be looking mostly at the risk management process around climate change. So really, looking at how their operations are affecting climate change, but also how they can respond to those events that are created by the extreme events that we are seeing as a result of climate change.

This climate change condition is not necessarily about reducing plastic or waste. It's really asking WaterNSW to look at what they do and try to identify their risk management approach to how they manage and deal with climate-related events. I'm sure it does extend a little bit beyond that, but not so much about dealing with waste. It's looking at their operations, not about what they're licensing. That's something that is not part of the licensing process that we're looking at today.

Lorraine Wilson: Thank you.

Andrew Nicholls: Thanks, Maria, for that clarification.

Claire, can I just check if that's a legacy hand or did you have another question?

Claire Miller: Sorry, legacy hand. It's gone.

Andrew Nicholls: Legacy hand? Great. No problem, thank you.

Any other questions or comments on any of these points? If you're shy about being on the camera, you're very welcome to drop it in to chat and we'll certainly pick those up as we go.

Anyone else wanted to comment on any of these topics, water planning? Brendan.

Brendan Guiney: Good morning, everyone. I'm Brendan Guiney from the NSW Water Directorate. I'm funded by the local councils to assist them with technical advice and advocacy for their water and sewerage services.

I just wanted to speak in support of including water quality monitoring and data sharing with local water utilities. We have a lot of drinking water challenges and poor water quality out there, and there's a lot of small towns that don't have adequate drinking water. We very much welcome because this water crosses council boundaries.

I work for 90 different councils with those responsibilities. It's very difficult for councils to look upstream and have the canary in the coal mine, so to speak, with adverse water quality. We very much support that and we welcome a renewed focus on catchment management ideally to help with drinking water quality.

Andrew Nicholls: Thank you, Brendan. Happy to take that as a comment. It's an important point around the multiple local council areas but supported by very large catchments. A very, very good point.

I think I've got Claire back and then Jennifer. I'll go in that order.

Claire Miller: Sorry. I promise I'll stop asking so many questions but following what Brendan just said there again with water quality monitoring, it is a really important service that is provided.

But again, when we come to cost sharing is to look at 'impactor pays'. Again, if we look at the carp - I can send it through to you, the most recent scientific papers - looking at how carp - and sorry to carp on about them - damage water quality and so on.

You can't blame water users for this water quality issue. Water users' works, particularly irrigators, their works' approvals require them not to pick all water on property, or run-off, from irrigated fields precisely to stop any notion, any risk of fertilisers, pesticides, anything else, turbidity getting into the waterways. They already have licences that deal with water quality, to improve water quality in the river systems.

We're going to be looking at increasing water quality monitoring and services which we would highly support. You can't just sheet the whole cost back home to water users, because in the case here of the impactor, it's actually the carp, and you can't blame water users for the rivers being choked with them. Thank you.

Andrew Nicholls: Thank you, Claire, for that comment. Jennifer.

Jennifer McLeod: My comment is similar. It's not in terms of water quality isn't important.

I just think placing increased responsibility on WaterNSW through their operating licence fails to address the actual responsibility for water quality and the legislative framework that exists in NSW at the moment.

You're trying to provide a solution through imposing something in the operating licence where catchment management – WaterNSW, outside of the declared catchment, has very, very little power. So, I think your solution isn't addressing the cause. It's not to say water quality isn't important.

Andrew Nicholls: Good, thank you for that thought. Anyone want to respond to that? Otherwise I'm happy to take that as a comment as well. Thank you for that comment, Jennifer, I appreciate it.

Any other comments or questions? If not, what we might do is move to our next presentation. We will have 2 more Q&A sessions, so if there are burning questions or things that you think of as we go along, please feel free to raise those in the in one of the next 2 Q&A sessions.

I'll now hand you back to Leonie, who will kick off our second session. Thank you, Leonie.

Session 2

1.6 IPART presentation

Leonie Huxedurp: Thanks, Andrew.

Drinking water suppliers, such as local water utilities, rely on information provided by WaterNSW to ensure the continuity and quality of water they supply. Information about WaterNSW's bulk water quality and water sources are used to inform local water utilities' drinking water quality assurance programs and management systems, including their water treatment processes.

Timely access to water quality information allows local water utilities to make informed decisions about which water sources to use where there is choice, how best to treat water and it can help prevent problems before they arise.

We propose that WaterNSW develop and publish a policy specifying the roles and responsibilities of WaterNSW and drinking water suppliers and the processes for developing a suitable monitoring program to assist in maintaining drinking water quality.

We consider that additional monitoring of water released for local water utilities, particularly the real-time monitoring, would identify water quality changes and allow for downstream water suppliers to pre-emptively prepare or warn communities of water quality changes.

Our draft recommendations also aim to help local water utilities' save on water treatment costs and provide data that will assist in operational efficiency. We expect the water quality monitoring enhancements program would identify locations where monitoring equipment needs to be installed, replaced, or relocated. We consider it would help reduce the occurrence of boil water alerts and support the Department's Town Water Risk Reduction Program.

Finally, WaterNSW is currently required to maintain an advance notification system to warn customers and other stakeholders of changes to flow release patterns.

We propose modifying the requirements of this system to address gaps in water quality data and flood risk. This would include providing information in advance to local water utilities, developing a set of key water parameters for significant changes in water quality and incorporating conditions for WaterNSW to report on the predicted volumes of water at downstream gauges.

I'll now pass back to Shweta to discuss our proposed recommendations for performance standards and organisational management systems. Thank you.

Shweta Shrestha: Thanks, Leonie.

Under the Act, the licence must, at a minimum, set performance standards for water delivery, water quality and service interruptions. The licence can also specify other performance standards.

The purpose of these standards is to define the minimum service levels which WaterNSW must meet. Embedding standards in the licence ensures that WaterNSW is held accountable for providing customers with the mandated service levels. We note that the targets set out in the licence do not prevent WaterNSW from providing better service, if customers are willing to pay for it.

Our draft recommendations for this part of the licence generally seek to retain the existing standards. However, we have sought to clarify which performance standards apply to water that is supplied versus water that is released. And also, to clarify the water quality performance standards which apply to the Fish River water supply scheme.

We have proposed a new water quality performance standard for released water. This standard would apply to bulk water, released from dams that allow water releases from different offtake levels. When developing this standard, we considered the impact that poor-quality water has on customers downstream of that released water – for example, bulk water customers such as local water utilities and the environment.

We also propose to recommend standards for timely notification of service interruptions, or if WaterNSW is unable to provide a service. This would allow customers the opportunity to better prepare for any impacts resulting from those delays or resulting from a lack of service.

Finally, our proposed recommendations for performance standards seek to clarify when the performance standards do not apply. This is where WaterNSW fails to comply with the standards due to events outside of its control – for example, in the case of extreme events, or as a result of compliance with a direction under law.

Moving onto our recommendations for organisational management systems.

The current licence requires WaterNSW to maintain and implement: a water quality management system consistent with the Australian Drinking Water Guidelines and any requirements set by NSW Health; an asset management system consistent with the Australian Standard equivalent of ISO 55001; and environmental management system that aligns with Australian and New Zealand Standard equivalent of ISO 14001.

Together, these management systems allow WaterNSW to provide services across the state that are safe and fit for purpose.

Our draft recommendation for this part of the licence is to retain the existing requirements for WaterNSW to maintain these management systems with the following differences: first - for the water quality management system – exclude sites, such as picnic areas, to remove duplication, as they are already covered under quality assurance programs; second – require WaterNSW to align its asset management system with the upcoming 2024 ISO standard. This is to ensure that the licence reflects contemporary standards.

We also propose to add an obligation for WaterNSW to develop, maintain and implement a quality management system which would allow it to improve its record keeping processes and allow WaterNSW to consistently achieve its quality objectives.

Finally, as discussed in our 12 February information paper, we also propose to recommend that WaterNSW publishes its annual report outlining compliance against each of its management systems. We consider that public reporting would keep WaterNSW accountable and appropriately prioritise addressing any issues identified each year.

Thanks, back to you Andrew.

1.7 Q&A session

Andrew Nicholls: Thank you, Shweta. It now brings us to our second Q&A session. I'd like to open to the floor again for any other comments or questions, this time on our draft recommendations about performance standards, bulk water quality for drinking water or organisational management systems.

Again, I encourage you to either raise your hand or drop in a question in the chat.

Do we have any takers? Andrea.

Andrea Molteno: Hi, I am a policy officer with NSW Irrigators Council. Just on the quality management system side of things. One of the concerns that we've continually raised is that we're concerned that WaterNSW hasn't adequately maintained their customer database and water register. Not so much to say that the quality management system wouldn't be a valuable thing to look at. Perhaps it's not quite a priority for us at the moment because we see that there are other systems that still need improvement.

I know that we've kind of talked to it in previous submissions, but we've noted that NRAR have had challenges contacting water users and determining rates of compliance, because that particular system, of the customer database and water register, hasn't been kept up to date.

So, I suppose it's a consideration there that there's a system that already exists that's currently not fit-for-purpose from our perspective. We'd like to see that addressed before the introduction of other systems. Thanks.

Andrew Nicholls: Okay, great. Thank you, Andrea. We've noted that. That's helpful input, thank you.

Paul. I think you've got your hand up.

Paul Byleveld: Thank you, Andrew, and thank you to the Tribunal, the Secretariat and WaterNSW for the opportunity to participate in the hearing today. I'm Paul Byleveld from NSW Health. This is more a comment than a question, or comments.

NSW Health has started some discussion with the IPART Secretariat about how best to reflect public health requirements – the requirements under the Public Health Act for drinking water quality assurance programs – in the operating licence. And we thank IPART for that engagement.

We note the interest in excluding the picnic areas. It is true that sites such as the picnic areas operated by WaterNSW are required under the Public Health Act to have a quality assurance program and to comply with that.

We also note the interest in performance standards for released water and will continue a discussion with IPART around what that may look like from a public health perspective. Particularly for the impacts for downstream local water utilities.

I note the comment in relation to water quality monitoring and early warning of downstream utilities. NSW Health would recommend that there is an early warning system that proactively informs downstream local water utilities, so they may make decisions around the necessary treatment for their supplies.

NSW Health notes that not all water quality characteristics are within the control of WaterNSW and not necessarily easily monitored. We would be happy to continue a conversation with IPART to provide a public health perspective as the licence is developed. Thank you.

Andrew Nicholls: Thank you very much, Paul. We do certainly welcome your contribution on this licence review process. We're also having a similar engagement on the Sydney Water licence process. We regard NSW Health as a critical stakeholder, so thank you for that input and we will continue to engage with you.

I might now go to Tanya, who's got a hand up.

Tanya Thompson: Thank you. Tanya Thompson, from Yanco Creek and Tributaries Advisory Council in the Murrumbidgee Valley.

It seems to me that there's a bit of a shifting of levels of responsibility with regards to water quality, and that the water quality that you're trying to seek is a drinking water quality within the entire NSW footprint. I'm wondering whether that is consistent with reality.

The reality is that we work in a natural environment. That natural environment has peaks and troughs, ebbs and flows, hot and cold, and it's a massive undertaking to try and have drinking water quality throughout that footprint.

Historically, it's my understanding that the local water utilities have their individual water quality programs within their own sector, within their own council area. I'm wondering why there seems to be this cost shift to actually move that water quality from the regional areas, where the towns exist, to the entire valley.

Andrew Nicholls: Thank you, Tanya, for those comments. Maria.

Maria Morahan: I'm happy to respond to that. Sorry, Tanya. We aren't intending to require an improvement in – well, we are hoping there will be a slight improvement in water quality at some point over the long term – but we're not seeking through this licence review to improve water quality in the regional areas.

All we're looking to do here through these conditions is actually just provide local water utilities with the information that they need to then be able to service their own communities. Ultimately, it's just a matter of providing them the monitoring information that they need to be able to respond to water events.

While it'd be lovely to be able to improve water quality across the entire NSW basin, we recognise that that's not possible. Really, we are just focusing on 'let's try and provide that information to those utilities' so they can respond to water quality changes and they can update or change their operational programs to make sure that users or their customers are provided with at least information that the water quality isn't at drinking water quality.

It's about providing information so that they can respond in a way to either change their treatment processes or notify their own customers that there's going to be a change to water quality.

Tanya Thompson: Thank you for that feedback, Maria. If that's the case, then the question goes back to what Jenny McLeod raised earlier as to who actually pays for this, because you're specifically targeting an area within the footprint.

My understanding is that it's 'impactor pays' and bulk water users – which are the irrigators, the farms, agriculture, etc., - they're not requesting this, nor require it. Is there going to be some level of understanding as to how the cost of this is going to be spread across the entire state?

Maria Morahan: Andrew, do you want me to take that one as well?

Andrew Nicholls: Sure, Maria, if you want to take that one.

Maria Morahan: We have had conversations with the team that does undertake the price determination. Obviously, this isn't the price determination or the price review. We aren't looking at how we're going to change or how those prices will be affected.

But we can say that we will look at that during the price determination process, and we will ensure that those costs aren't unnecessarily burdening customers that they shouldn't. But, like I said, we aren't undertaking a price determination at this point in time.

We can't tell you the exact implications of what these changes will make in terms of those final prices that will be reflected. That determination process starts in just a couple of months' time. We will be able to take more feedback on that during that process.

Andrew Nicholls: Thanks, Maria. Reiterating Jonathan's opening comments as well, the Tribunal in this process are very alive to the combination of factors in terms of price impact for this licence. We'll also be taking feedback that's raised that's relevant to the to the price review. That is, as Maria said, starting in a couple of months, and taking that on board as well.

It's very helpful to get your feedback and concerns here, so that we can factor those into those considerations. Thank you. Thanks, Maria.

Did we have anyone else who wanted to ask a question?

Lorraine, and I did see a hand that was up and has gone, earlier too. So, I have to come back to that person.

Glenn Daley: That was mine. Tanya had asked the question I was going to ask.

Andrew Nicholls: Great. Thank you, Glenn, appreciated. Lorraine.

Lorraine Wilson: My question actually probably is not something that relates to IPART's part in this, but Paul was speaking before from NSW Health. When you're talking about pricing, in some instances there's an unknown cost to volunteers.

When you talk about water quality, for instance, I actually manage a girl guide cabin. I've just been given a 24-page leaflet to fill in with all the requirements of water quality.

We've not had any problems with our water. We buy our water now because we're not sure of what's going into the creek that we were using.

But the cost on volunteer hours can sometimes be enormous and not recognised by people making recommendations. We are so short on the ground with people willing to put up their hands and volunteer for things. I'm looking at this form and thinking, when am I going to have time to do this. Just an observation.

Andrew Nicholls: Thank you, Lorraine, for that for that comment. Jennifer.

Jennifer McLeod: Thank you. Just a further question, can you clarify, is there a difference between the regulated and unregulated aspects? Because I can imagine some of the water quality issues are significant in the unregulated catchments with which WaterNSW is not influencing.

My second question is, have you explored alternatives to imposing this in the operating licence, for example, direct arrangements in terms of service agreements to provide data to the utilities who are looking for this information? That's where the people who need the information are actually paying for the information directly as opposed to it being spread across everyone through a licenced condition.

Andrew Nicholls: Did we have a response from the team on that one?

Maria Morahan: I can respond to – oh, sorry, Jonathan did you have something?

Jonathan Hopson: Yeah. In relation to the regulated and unregulated rivers, there's nothing explicit in the licence which discriminates between those 2 systems. But there might be some implicit impact depending on the condition.

Maria Morahan: I can probably answer the other part which was around whether or not we've looked at other options like a direct contract or direct agreement with the local water utilities.

This we considered to be quite an expensive process. It would actually cost WaterNSW a significant amount of money to negotiate a different contract or agreement with each of the separate local water utilities. That would become quite an extensive process for WaterNSW.

We wanted to look at this as more of a policy direction to try and look at how WaterNSW could approach all local water utilities in a similar way and provide them the information that they need.

Each utility does need the information. We don't think it's just one or 2 local utilities that need that information. It's a matter of making sure that all the utilities get the information that they need to provide their customers with the best service they can.

That said, please feel free to put that comment in a submission, because we will take that on board, and we can certainly consider any other options that you would be able to put forward as an alternative opportunity.

Jennifer McLeod: Can I be cheeky and ask Andrew to respond to the question between other regulated and the unregulated? In the unregulated systems, WaterNSW might have monitoring equipment but they're actually not releasing water into the unregulated systems.

Andrew Nicholls: I'm not sure that I've got a specific comment around that. I'm happy to take that on notice and come back.

Jennifer McLeod: I was meaning Andrew George.

Andrew Nicholls: Oh, Andrew George! Well, I can say –

Jennifer McLeod: I'm being cheeky.

Andrew Nicholls: I see, I thought you were being cheeky to me there.

Jennifer McLeod: No, no, no. It was directed at Andrew George. Andrew George, if you're not comfortable responding that's fine.

Andrew Nicholls: It's a matter for Andrew but we have been clear that WaterNSW are not here today to be the ones under scrutiny. We're certainly here to take your feedback.

I'm happy to leave it at that point and take it on notice as something that we'll consider and get feedback from WaterNSW in our regular engagement with them. I'm not going to put them on the spot here unless anybody wants to volunteer. Thank you for that.

Alright, I might jump to Tanya then.

Tanya Thompson: Thank you very much. I have heard over the course of time that, with regards to quality management systems, that– I think it was the state government, but it could have been the federal – the state government was talking about creating a management system that was able to be the holder of all data with regards to bulk water throughout the state. And that different agencies would be able to tap into the data that was in that, and it would be one point of action rather than individual departments having the individual data management systems that didn't talk to others.

I wonder if that is part of what you're thinking here with Water NSW, and whether that's been brought into WaterNSW's responsibility in this review?

Andrew Nicholls: Anyone want to take that in the team?

Maria Morahan: I can answer that. We are going to come to that a little bit later in terms of the data management system or, what we call it in in the draft licence, the NSW water sector information hub.

We have put some consideration into the licence about how that would play out and we have laid some responsibilities out in the draft package. We are looking at what role the licence should have in this space, so there is an opportunity to modify the condition before it gets made as the final recommendation. In that process, we'll be looking at what role the licence should play in regards to the information sharing and access.

In regards to the QMS, or the quality management system, we have placed that in the licence just as a management system, which is about making sure that WaterNSW manages and maintains its processes and procedures and documents in a particular way.

I'm not sure if that's what you were touching on here or if you were really just focusing on the data sharing and access. Did you want me to go into the QMS in any way?

Tanya Thompson: Yeah, thank you. The point of my question and everything that I ask about always gets back to fee-for-service. If you ask for a particular service, there's a particular fee that's associated with that service. I represent irrigators within the Murrumbidgee footprint, so we're constantly looking at the increasing in WaterNSW's charges over time.

All of us would like to have the very best quality, but eventually gets back to who actually pays for that quality. My concern is, and my members' concern is, that by having this one port of call, if it's a WaterNSW responsibility, then that's actually going to attract costs to get that up and running. Those costs at the moment are under an 'impactor pays' system which at the moment directly affects my members.

That's sort of where I was coming from with that question. How much is this going to change? How much of that change is going to directly impact the actual costs for that service that is being provided, or being pushed onto WaterNSW to provide over and above what they're already currently providing?

Andrew Nicholls: Thanks, Tanya. That's a very helpful clarification. I think we certainly heard from a few speakers here today the concern about who pays. We will certainly take that on board.

We're also in discussions with the department as well around the question of data and data sharing and looking at where government might be going more generally in that space. I think it's an area that certainly we'll be looking at very, very closely in finalising the licence.

Are there any other comments or questions at this point?

If not, we might press on to our third and final presentation, after which we will then open the floor to Q&A for everyone to raise any concerns they might have or make any comments.

At this point we might move to Session 3, and I'll ask Leonie again to kick off this session. Thanks, Leonie.

Session 3

1.8 IPART presentation

Leonie Huxedurp: Thanks, Andrew. Onto WaterNSW's obligations to its customers.

Under the current licence, WaterNSW must establish and maintain customer advisory groups. This includes a range of prescribed customer categories in its areas of operation.

We consider that the existing requirement for WaterNSW to have a customer advisory group does not provide enough flexibility for WaterNSW to determine how it could best engage with its customers. We maintain that it is important for WaterNSW to engage with stakeholders to understand their needs, wants and preferences. Engagement also provides a way for WaterNSW to share important information such as upcoming major works.

Therefore, the draft licence seeks to modify the requirements about how WaterNSW consults, so the obligation focuses on the outcomes of the engagement. To do this, we propose that WaterNSW develop a community consultation policy. This change would remove the prescriptive requirements to maintain Customer Advisory Groups, and instead include requirements to appropriately engage with all customer and community groups.

We expect that this engagement would result in a better understanding of customer and consumer preferences and needs. The proposed licence condition provides WaterNSW the opportunity to determine the most suitable and cost-effective means of consultation, to ensure all stakeholder groups are adequately consulted.

We also expect that there is further benefit to some communities from this condition. Being heard provides equity for stakeholder representatives such as Aboriginal community groups and cultural water users. We expect that this process would also circumvent grievances from manifesting into complaints which cost far more to tend to.

Importantly, we welcome any submissions that address the costs and benefits of this condition in the draft licence, including on the changes of behaviour this condition is expected to drive and why those changes are beneficial to stakeholders. We note, at a minimum, some level of customer and community consultation will be required in the licence, as appropriate for any public agency.

Finally on customer obligations, the current licence also includes requirements to protect vulnerable customers facing family violence.

We note the need for essential service providers, such as WaterNSW, to take actions to reduce risks to vulnerable customers. The current licence does not have requirements for WaterNSW to provide customers experiencing family violence with any support. We propose to require WaterNSW to develop a family violence policy which would allow certain protections, such as securing personal information, ensuring privacy is safeguarded and providing ready access to payment difficulty programs.

We also propose that the licence require WaterNSW to have processes to effectively identify customers experiencing family violence. This is an important step if WaterNSW is to provide them appropriate assistance and protection.

I'll now pass back to Shweta to discuss our proposed recommendations for cooperative relationships with stakeholders. Thank you.

Shweta Shrestha: Thanks, Leonie.

Under the current operating licence, WaterNSW must enter into, and comply with, memoranda of understanding – or MOUs – with NSW Health, the Environment Protection Authority and the Natural Resource Access Regulator. The Act specifies that the licence must include obligations for MOUs with Health and the EPA, but it does not require other MOUs with other stakeholders.

We do not propose changing the MOU obligations for NSW Health and the EPA. However, we seek to replace the MOU with NRAR to a cooperation protocol. We consider this approach better aligns with requirements of the Act, while reflecting the intent of the document.

We have also proposed to include a new licence obligation, which would require WaterNSW to enter into a cooperation protocol with NSW Fisheries. Historically, WaterNSW's predecessor, State Water, had an MOU with Fisheries which sought to address the impact of their operations and information sharing arrangements related to the aquatic habitat of fish passage. We understand that WaterNSW and Fisheries would benefit from the licence reinstating the MOU requirement, to clarify responsibilities in this space. In particular, where there are shared responsibilities related to ecologically sustainable development and environment protection.

I'll now pass to Maria to discuss our draft recommendations related to the provision of data and information services.

Maria Morahan: Thank you, Shweta.

WaterNSW is responsible for collecting, managing, and providing access to NSW water resource data and information. In 2016 the government transferred key data and information systems to WaterNSW. This means WaterNSW is now the custodian of most NSW water resource data and information.

WaterNSW uses this information to inform how it operates its water systems, actions water orders and bills its customers. The data is also used by other stakeholders such as the Department of Climate Change, Energy, Environment and Water for planning and policy development and the Natural Resource Access Regulator, who use this data to enforce water laws through monitoring and compliance actions. Other data and information users include other NSW government agencies, local water utilities and the public.

The current licence requires WaterNSW to collect, maintain and share data and information through obligations in the Roles and Responsibilities Agreement, data sharing agreements and the conditions in the licence related to metering and the Duly Qualified Persons portal. These conditions are prescriptive and limit the obligations for data management and sharing to only a portion of the data and information that WaterNSW collects maintains and shares.

We understand that agencies that rely on this data and information supplied by WaterNSW to undertake their statutory functions, have concerns with the integrity and reliability of the data and information they are provided or have access to.

We propose to recommend the licence require WaterNSW to develop and maintain a data and information management system comprising a data governance policy, a data quality policy, and a data sharing policy. The Data Management System should apply to all data and information that WaterNSW collects, maintains, and shares.

This outcomes-focused approach will allow WaterNSW to determine the most effective and efficient way to manage and share data and information and we consider that it will effectively address stakeholder concerns about data and information integrity and quality.

The final topic for today is the water sector information hub. Access to data and information is becoming increasingly important for NSW government agencies and customers and consumers more generally.

To improve access to information and data, we propose WaterNSW co-design a water sector information hub to create a central repository where data and information can be stored, maintained, and accessed by relevant government departments and agencies. This will create efficiencies, by reducing the burden on WaterNSW to share data that isn't easily accessed and allow stakeholders to extract the data themselves in a timely fashion. This is not supported by the current information IT systems. It will also ensure there is one source of truth, preventing duplication in data collection and management.

We recognise that the WaterNSW board and DCCEE have strategic plans with respect to data and information services. Therefore, we seek your input as to what level the licence should regulate data and information access and sharing.

We also note there is some uncertainty with the costs and benefits related to the water sector information hub, as these benefits are so far reaching. We welcome your feedback on the proposed obligation to inform our final recommendation, and we welcome any submissions that address the costs and benefits of this condition.

Thank you, Andrew. I'll pass back to you.

1.9 Q&A session

Andrew Nicholls: Thank you very much for that, Maria.

We've now come to our Session 3 Q&A, and also any other general questions that you've got.

To summarise, we just heard about what we're proposing in relation to customer engagement, cooperative relationships with stakeholders and data and information services.

If you have some specific questions or comments about those topics, please drop those into the chat or put your hand up and we will come to you. Also, if you have any other questions that you'd like to raise, or any other comments about any other aspect of the licence conditions that we have not covered today, given that we've only had an hour, you're also welcome to raise any other general questions.

I will go to Tanya and then Brian.

Tanya Thompson: Thank you very much. I applaud the suggested change that the consultation between WaterNSW and the CAGs is less prescriptive. I think that that will lead to a better outcome for all. I think that that's a good move.

I really feel that WaterNSW as a state-owned entity should not be the holder of the data management system for all of the other departments within the state. I think that responsibility actually should rely on a government agency such as DCCEE, rather than shifting it to a government-owned entity. That's mainly due to the cost shift and how much it's going to cost.

Irrigators have paid a significant amount of money in the last 2 determinations to improve the information retention and the technology needed to retain that information. We've already paid for that. Now it appears to me that there's a proposal to completely revamp that so that there's external access to it, which, again, is a huge impost on cost, and I don't feel that should sit with the people that have already paid over the last 2 determinations for such a portal.

Andrew Nicholls: Thank you, Tanya, for those comments, and reiterating the importance of considering cost, and who pays as part of this process. Thank you.

Brian, and then Glenn. So, Brian.

Brian Watson-Will: Thank you, Chair. Thanks for the opportunity to speak today. I speak as a retiree. We come under Hunter Water.

I realise the importance of water quality inland. That's why I've sat back and listened to all the information and questions that have come up so far.

My questions are in relation to the desalination plant proposed at Belmont North in Newcastle. We had a report in the paper recently on the 24th of January. The desalination plant has gone up in price, in the quotes, 112% in cost. The Libs put it up at \$250 million and now it's \$530 million due to climate change concerns to raise the site, larger pipes in and out, etc., etc., and a \$90 per household average increase.

It closes today, the input for the link with Service NSW. I can't find it on the website anywhere. The day's not over yet but it's not on the website. Will IPART be putting it on public exhibition and asking for feedback on the costs?

I live in Port Stephens and we're on the greater Newcastle area, of course. This will be an on cost for everybody and Hunter Water in this desalination plant that doesn't service us at all. And I might point out it's close to the Boulder Bay outfalls at Port Stephens and Burwood Beach outfalls – sewerage outfalls – which are secondary-treated outfalls as well.

So that's my question. Thank you.

Andrew Nicholls: Thank you, Brian. There will be a process that IPART will be undertaking, and I'll make sure that our team reaches out to you to get any feedback and input.

At the moment, Hunter Water are going through a process of engaging with customers about what their future proposals are going to be, including the desal plant. And that's probably the process that's there on Service NSW. I'll ask one of our team to just double check that and reach out to you after the hearing to see if we can find where that link is.

So, at the moment Hunter Water are gathering information to come and put a proposal to IPART and we will be issuing an issues paper and conducting a public process where, again, we'll make sure that we reach out to you so that you have an opportunity to make a submission or come to another event like this, and specifically challenge your concerns around these costs.

We really do appreciate you raising those, Brian, and we'll make sure we capture your comments in that process.

Brian Watson-Will: Thank you, Chair, Andrew.

Andrew Nicholls: Thanks, Brian. Alright, we might jump to Glenn.

Glenn Daley: Thanks, Chair. Glenn Daley, Lachlan Valley Water. I've got a number of questions across all the topics that we just discussed.

The first thing I'll say is, I agree with Tanya regarding a centralised data repository not being held by WaterNSW but potentially DCCEEW.

I disagree with that, however, regarding the less descriptive engagement by WaterNSW. I have concerns over giving WaterNSW carte blanche on how they engage with their customers.

I believe the Hunter Valley Water model has been put forward as the proposed or suitable model. Upon investigating the Hunter Valley Water model, I believe its purpose is to provide information, not to necessarily engage and get information back from the customers. I further understand that it has no industry representation on it. It's predominantly local government representatives.

I have real concerns about having our issues raised, listened to and worked through in a non-prescriptive environment. I'll end that as my first question or comment.

Andrew Nicholls: I'm happy to take that as a comment and put that into our consideration and feedback, unless someone from the team wanted to jump in on that point.

Maria Morahan: The only thing that I would add very quickly, is just simply that we're not requiring WaterNSW to remove the CAGs, and we have heard that there is certainly some interest in keeping the CAGs.

The intent is that the licence condition would simply be looking at allowing WaterNSW to define the best process to undertake that consultation, but they may still choose to continue with the CAGs.

Glenn Daley: If you follow that along, currently WaterNSW have working groups to help shape their pricing proposal. A number of people attending those water groups are non-industry or non-irrigators. They're having impact on things that will potentially impact the water users, not being considered impactors themselves.

If we look at the engagement policy, we're talking about having broader community engagement. You're then having people have input through whatever engagement comes to fruition who aren't necessarily water literate but will shape the outcomes from that engagement.

It goes back to the question that both Claire and Tanya have raised is that revising the 'impactor pays' model if they've got an input into shaping policy and things that will impact the current water users. I firmly believe that there's got to be a broadening of scope as to how you fund those additional outcomes by inviting every man and his dog along. So that's more of a comment.

The other one I wanted to talk about was the family violence policy. I am interested to find out what has driven this and the historical data supporting what's driving it.

I'm concerned that you mentioned a data security policy being as part of it. I would assume that current privacy legislation would cover that, anyhow. I imagine there'll be significant additional costs in implementing the policy and call centre training and all that sort of stuff.

I question if it's outside of WaterNSW's scope to try and identify family violence when we're told that their role is to store and deliver water.

Leonie Huxedurp: I can comment on that, Andrew, if you like.

We've become aware of other utilities that have inadvertently given away people's personal information, to a family violence sufferer, for example, to the person that is perpetrating the violence. They've been able to track down their whereabouts simply by contacting their utility provider and they've handed out their contact details which are devastating.

Jonathan Coppel: Leonie, I think we're getting strong feedback echo.

Leonie Huxedurp: Okay, I don't think I know how to address that. Is that any better?

Jonathan Coppel: I think we'll live with it.

Leonie Huxedurp: So what I was saying was, yes there are examples of where a family violence sufferer has been tracked down by their perpetrator through the utility giving them their contact details. So, it's a fairly common practice now for utilities to protect privacy of family violence sufferers.

Glenn Daley: In that case, you're really protecting the organisation against potential litigation as well as the customers against violence. My way of thinking would be that this is a cost that should be borne by government as opposed to water users.

Andrew Nicholls: Alright, thank you for those comments, Glenn. Jennifer.

Jennifer McLeod: Thank you. I have one comment and a question.

In relation to the potential removal of the CAGs and the different approach to customer engagement, I think there is value in WaterNSW – and I haven't tested this with the organisation I work for – but I would think there's potentially value in, if we're going to have a less prescriptive approach, that the approach does actually require WaterNSW to consider from a valley-specific perspective, and particularly with reference to the Murray-Darling basin, to ensure that we're actually engaging on issues of customer service that are relevant to the catchment in the operating licence.

Currently, with your draft proposal there would be no requirement for WaterNSW to be valley-specific in their customer consultation policy. They may choose to, but there's no requirement to. So that's a comment.

My question relates to the data management, data sharing. There's a lot happening in that space in the Murray-Darling basin, and I'm sorry for being so basin-specific. But the Commonwealth Government has just changed their legislation and the Bureau of Meteorology in 2 years' time is going to be the source of truth for a whole lot of new information; some of which WaterNSW currently has, some of which WaterNSW will have to collect new information for, as do organisations like IIOs.

So, my question is in relation to this proposed operating licence requirements is, what consideration has been given to the fact that this is actually quite a moving space at the moment, and whether or not this condition is actually premature for the market we're actually operating in?

Andrew Nicholls: Thanks, Jennifer. Over to Maria.

Maria Morahan: Thanks, Jennifer. We have been talking with WaterNSW, particularly around the Bureau of Meteorology changes. My understanding is that they were quite recent, and even those conversations between BoM and WaterNSW are still ongoing.

So, I do agree, it is certainly a moving feast, and everything is certainly changing. We are looking at how we could amend the condition to be a little bit less prescriptive, allowing for the changing landscape in this space.

One thing I do want to note is that the NSW Government did put a lot of these responsibilities on WaterNSW in 2016 when they transferred the information systems to WaterNSW. And that's largely why WaterNSW has a large responsibility in this space, because there was that transfer of all the information services back in 2016.

That was a policy decision that was made back then. Certainly, if that was to change again, that's something the Government would have to look at, and that would be with WaterNSW as well.

Andrew Nicholls: Thanks Maria, and thanks Jennifer for your comments. Certainly, the data in the IT space is an interesting area to get our head around. Tanya.

Tanya Thompson: Thank you. Just with regards to the domestic violence area, was it just to have a policy around domestic violence, or was the proposal to put in much more stringent workloads on WaterNSW to adhere to the new recommendations?

I just feel if it's much more stringent, then it's actually stepping on other departments' responsibilities rather than WaterNSW's responsibility, which is the delivery of water within the state.

Leonie Huxedurp: The idea for this one – I can take this Andrew – WaterNSW already has a payment difficulties program, so the idea for this is to allow family violence sufferers, who quite feasibly could be experiencing payment difficulties, to give them access to the payment difficulties program option. And also, to be able to identify them so that their privacy is maintained in situations where they are suffering from family violence.

It's a fairly standard feature for large utilities these days.

Tanya Thompson: Thank you for that. So, we're not looking at a massive change or a massive shift. It's just really a recognition that there are people within customers of WaterNSW that might be experiencing this. But we're not creating a whole department and a whole lot of policies that WaterNSW has to onboard to actually deal with the situation of domestic violence directly, only dealing with the charges that WaterNSW has made to someone suffering from domestic violence and essentially dealing with that on a one-on-one basis. Because that's a big difference, the amount of work that's involved in this. Thank you.

Andrew Nicholls: Thanks, Leonie, and apologies for the sound quality there again. But yes, certainly these conditions are now fairly standard across most utilities, just so that they're handling information and customer engagement in a way that's sensitive to people who are in family violence situations and not exacerbating it. So no, it's not a major program.

I've got Glenn, and then Claire. Glenn.

Glenn Daley: I'd just like to test that response regarding the family violence policy. From what I understand, it's not just a policy. It will involve retraining call centre staff and other impacts to manage any stress or work-related illness with those call centre staff through addressing family violence.

I would like clarification as to exactly what it covers, because I feel it's more broad and more costly than just implementation of a policy.

Andrew Nicholls: Leonie, I don't know if you wanted to respond to that. I think you're just trying to work your tech out at the moment.

Leonie Huxedurp: I'd like to address this, thanks. But it seems I'm getting feedback from my mic. I don't know if someone else could address this as I'm getting my tech sorted?

Jonathan Hopson: We hadn't anticipated this would be a big-ticket item, a large burden. I think that is what we've heard so far from WaterNSW.

But we're always interested to understand more about what the costs of conditions would be, so if there's more information that we haven't yet heard, then we are very interested in hearing that. We appreciate your question and your comments.

Andrew Nicholls: Alright, and Jonathan.

Jonathan Coppel: Just to come in. Thank you, Glenn and others, for your input in relation to this part of the draft recommendations for the operating licence.

Glenn, you specifically asked for whether we can provide greater clarification on what is involved with this change, and I think that's something that we can certainly consider when we're finalising the operating licence in making the recommendations to the Minister. Thank you.

Glenn Daley: I think you'll note a pretty frequent line here for all of us is any cost increase to the way WaterNSW operates is a great concern to us, because generally that cost is passed on to irrigators or water users. So that's the philosophy behind the question.

Andrew Nicholls: Thanks. Claire.

Claire Miller: I'm just adding to what Glenn and others have already said. In the end it comes down to, it may not be thought to bear huge impost, or a burden, or an addition, whatever, in the whole scheme of things on WaterNSW.

But if we're going to continue with the 'impactor pays' model, we just want to be absolutely clear here, you are not doing this domestic violence program because of water users. We are not the impactors on this.

So we would want it to be absolutely clear, who do you think is going to be paying for this new program? Thanks.

Andrew Nicholls: Thanks. I'm happy to take that as a comment.

Just to reiterate, it's becoming a fairly standard thing that most utilities do – whether it's in the energy space, water space and so on – is just to set up systems that are sensitive to customers that are in a situation where the sharing of information can exacerbate a situation.

It's not something that we're imposing specifically on WaterNSW. It's something that is being addressed in a number of spaces and a number of utilities and organisations are voluntarily taking up these programs just out of interest to ensure that they're not inadvertently sharing information in a way that actually creates a further difficult situation to exacerbate.

We're happy to take on board your concerns and questions, but just wanted to sort of give a bit of context as to what was behind the concern.

Claire Miller: Andrew, I appreciate that it's a standard thing that a lot of utilities, organisations, corporations, and so forth are taking on board but very few of those go through a price setting process that we're going through right now where the habit has been, we'll just sheet all that cost home to water users, specifically.

So, what I'm saying, I think what all of us are saying very clearly is, we appreciate that this is a program that might be required, that it is becoming standard. But it should be paid for by government and not have the cost share narrowed down to just water users on the basis of some kind of idea of impactor pays.

Andrew Nicholls: I'll take that as a comment. Thank you.

Any other comments or questions? Tanya.

Tanya Thompson: Thank you. Similarly, along that vein it's been mentioned a couple of times that in 2016 during that determination, it was determined that there was changes within the IT policy that WaterNSW was the holder of all of that information.

The cost of that was borne by the impactor – the impactors were the irrigators – so we've already paid for that. Now, if there is another change in the IT sector, which is being proposed currently, surely that change hasn't been driven by the impactor, it's been driven by government, so that surely must be paid for by government as well.

Andrew Nicholls: Thanks Tanya. Happy also to take that one on board as a comment.

Reiterating Jonathan's opening comment, that certainly we will be considering cost and cost impact explicitly as part of the review process, and how that relates to the pricing processes coming up. These are all valid considerations that we will certainly take into account.

Are there any other comments or questions?

Just for the benefit of Brian, if you keep an eye out in your emails, you'll shortly receive, if you haven't already, a link to where you can make that submission on the Hunter desal plant. So, look out for an email from Candy from our office. If you don't get it, have a have a look in your junk, but you'll certainly get that today.

Any other comments or questions?

Candy's just confirmed she just sent it to you, Brian, so if you have a look in your emails, you should have that now.

Any other comments or questions today?

Brian Watson-Will: Yes, received. Thank you, Andrew.

Andrew Nicholls: Fantastic, alright. Good luck with it. Thanks, Brian.

Andrew Nicholls: Okay. Tanya.

Tanya Thompson: Sorry, just one last one.

I haven't researched this so this may be an ignorant question here, so I do apologise if it's off topic and not something that you can discuss. I'll certainly accept that as a response.

There is a cost structure within WaterNSW where a percentage goes towards fixed costs and a percentage is a variable cost, and it appears to be different in different valleys.

Is there any review, reflection, or thoughts being undertaken by IPART with regards to how WaterNSW charges are actually charged out, fixed versus variables, etc.?

Also, historically – not in this last review but in the review prior to that – there was insurance that was taken out because of the high rate of variable costs. Is that a topic that's being discussed at all?

Andrew Nicholls: Well, we are on the threshold of commencing a review of the water pricing arrangements in WaterNSW. Certainly, happy to take that feedback and thoughts on board as we're scoping that up. We're not quite at that process yet. We're a few months away.

Certainly, though, we're alive to the crossover between licence conditions and what that might mean for pricing in this review. But there will be an opportunity for stakeholders to bring forward views on the different ways that we might be looking at pricing in the next review.

I think I will say stand by on that one unless any of the team wanted to make a specific comment. If not, I'll ask for any further questions.

Any last questions? Going, going, gone.

Thank you everyone for your contributions today, your very open feedback, and very respectful way that today's hearing has been conducted.

As we're about to move into wrap up, if you have got any further questions, anything else that you'd like to ask, or something that you've only just thought of, drop it into the chat. You can also contact us by email, or you can make a formal submission. So, there's still plenty of opportunities to raise questions, concerns, or to provide us with that feedback.

Please avail yourself of those opportunities. We do read and consider every submission that we receive, and we certainly will be treating this hearing today as part of feedback that we're taking into consideration. We really, truly do thank you for giving up your time, and we know how valuable it is. It is something that we really do truly appreciate as well here at IPART. We will publish our responses to queries as well, including all submissions.

I'd now like to hand back to Jonathan to make some closing remarks and to wrap up the session for today.

1.10 Closing remarks

Jonathan Coppel: Thank you, Andrew. It's incumbent on me to close today's proceedings. But before I do, we would really appreciate feedback about how you found today so that in future we can continue to improve how we run our public hearings.

You'll see on your screen that we're using a Zoom poll to better understand how you have found today's public hearing. I'd like to just to give you a moment or two to use the voting buttons to answer the questions. Please note that the responses are anonymous.

So please go ahead. I think you should be able to see it on your screen and it should be live.

While you're doing that or completing filling in the feedback form, let me say on behalf of IPART that I'd also like to thank you all very much for your participation in today's proceedings. It's been helpful to us and to hear your views and thoughts.

This is the second hearing we've had on a water licence over the past week. Last week in Sydney we conducted a public hearing for Sydney Water and there are certainly concerns and feelings with respect to the possible cost impacts of minimum conditions reflected in licenced conditions. That is something that has been raised and is certainly very much in front and centre of our reflections.

I'd like to say that a transcript of today's proceedings will be made available publicly on our website in the next couple of days. As has already been noted, the input that we've received today will be used in helping us to further our reflections and deliberations for when we make our final decisions and recommendations to the Minister.

We'd also like to let you know that in terms of next steps we will be also using the submissions. I'd like to reiterate the importance of submissions. If you can use examples to illustrate points or provide data that can give a sense of proportion of certain issues to the extent that information is available, this is also very useful information that will feed into our deliberations. We're asking for submissions to be received by the 8th of March, and then they will be incorporated in the considerations for our final recommendations to the Minister in May this year.

Finally, if you'd like to talk to someone about the review. You're welcome to contact one of our team members and their contact details are on the next slide, which you can see in front of you now. They can also be found on our website or on the inside front cover of our discussion paper.

Let me now say thank you very much, again. We hope it's been helpful to you as much as it has been helpful to us. Enjoy the rest of your day. Thank you.

Andrew Nicholls: Thanks everyone.