

IPART Review of prices for Hunter Water Corporation From 1 July 2020

These points are to be read in conjunction with my original submission.

- I note that HWC has only spent/will spend \$2.3-\$4.7m to 2020 on stormwater harvesting. This is despite the LHWP community consultation demonstrating a wish for HWC to spend much more on stormwater harvesting, and it being articulated as a preference in future water strategies to assist with drought security.
- Rainwater tanks need greater incentivisation and efficiency monitoring by HWC.
- I Disagree with rewarding higher users. HWC's customers are currently using 10% over the National average and usage is being discouraged through the *Love Water* campaign? Discounting should only occur where customers use significantly less water.
- I am strongly opposed to the maintenance of Hunter Water's 'location based' prices that provide discounts for certain high volume.
- Potable water should not be used by industry and there should be incentives to allow this to occur. If non-residential users will be consuming 6% more water over the 2020 determination, then industry should be encouraged to use recycled water through incentivisation. This was an important talking point in both LHWP consultations. Again, no industry should be using potable water, so they should be charged accordingly to promote switching to recycled water. Orica is presently the only sizable user of recycled water in the Hunter.
- Current high levels of fixed charges provide a disincentive for customers to reduce water use or invest in water efficient appliances. User pay should be reinstated to add incentives to reduce water.
- Reducing the level of fixed charges and placing a greater reliance on volumetric charges would assist in reducing demand for water.
- The purchase of all water, sewage and drainage should be charged to households at a cost per kilolitre basis with no fixed charges. This will support the drought strategy as it is an incentive to reduce waste
- User pay pricing should occur. 100% user pay is a great incentive to establish viable methods and strategies based on the unit price of a product. 100% user pays rewards consumers for adopting efficiency in use. 100% user pays allows users to transfer funds saved into more efficient products. 100% user pays greatly simplifies billing, reduces billing costs, can be done remotely and allows very flexible meter reading timing. It also allows pre-pay. 100% user pays will greatly reduce water bills for those prepared to reduce their waste volumes.
- Tenants who are pensioners should get rebates. Only Customer Contract holders can get a pensioner rebate. Under some circumstances Landlords can pass on the water use component of the bill to the tenant. Social Housing, industrial and commercial tenants have rules and regulations that differ from private residential tenants. The Customer Contract details are set out in HWC's Operating Licence. The Customer Contracts used by HWC are discriminatory and not a fair and reasonable form of commercial transaction between a supplier and a consumer. It is important that HWC take steps to modify the Customer Contract to enable tenants to have them.

- The government's 2019 *Greater Hunter Regional Water Strategy*, designed to manage the region's water for the next 30 years, focuses on connecting water supply infrastructure across the region, so that water can be transferred to critical locations in times of need. It also highlights the importance of water reuse schemes and recommends that Hunter Water *'further investigate opportunities for a major recycling project consistent with the LHWP.'* Presently recycling only accounts for about 7% of Hunter Water's supply — which is only about half of the national average. Large recycling projects should be stepped up by HWC and recycling should be incentivised to promote a shift to recycling, which was the number one priority for infrastructure in both Lower Hunter Water community consultation.
- IPART puts prices on water that don't sufficiently encourage recycled water. It still costs to treat the water to make it reusable, but because you can't drink it, it's cheaper than rainwater. HWC would lose more money to make recycled water than to sell it. Desalination water is expensive to produce, but it's heavily subsidised. This should be the case for recycled water.
- HWC is dragging the chain with recycled water and best practice in water strategies. HWC needs to look to overseas practices as well as what is happening in other Australian states like Perth. As this was articulated as the most important infrastructure strategy for drought security by the Hunter community, HWC needs to be encouraged to invest more heavily in this area and give it due incentivisation. Perth has two desalination plants that run at full capacity, and since last year has been pumping recycled sewage back into the city's groundwater. Unlike other Australian capitals, Perth draws most of its drinking water supplies from groundwater.
- BASIX ensures homes are designed to use less potable water and be responsible for fewer greenhouse gas emissions by setting energy and water reduction targets for house and units. Reuse water under the BASIX program has many inefficiencies, including poor water pressure and faulty pumps in washing machines. Making this system more efficient should be priced and integrated into HWC's planning. HWC appears to have not included costs of the LHWP to date. Costs should reflect priorities from the Hunter community, otherwise there is no point in having community consultation.
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- HWC has also recently stated that it will be investigating potential dams at Limeburner's Creek and Upper Chichester. Where are the costings for this analysis? And what costs have been incurred to date? These explorations don't fit with the community consultation priorities for water security. These investigations are incongruous with the current LHWP.
- There has been no documented public evaluation of the current 2014 LHWP. This is essential for community confidence.
- I, like the Hunter community, strongly supports increased recycling as a sustainable alternative to augmentations such as new dams and desalination. A further advantage of increased recycling is the concomitant decrease in quantities of effluent discharged to receiving environments. There is little analysis of the costs and benefits of recycling by HWC (including reduced sewage effluent discharges) or the quantities of water that could be saved.

- The whole billing system needs review, as already described.
- There have been no costs included on the portable desal plant to date and projected costs, as well as how this will be funded.
- More funds should be directed to water saving strategies, such as ongoing water wise strategies/permanent water wise rules, which encourage a respect for water and costs the ratepayer less in the long run.
- Benchmarking with other utilities should occur as this is the only way the lay person has to determine how HWC is progressing with current research around water strategies. For example, graphs at a HWC CCAG Meeting clearly showed the poor record HWC had with leakages and CCAG members were able to bring this forward as a talking point. Also, the poor record of water usage against National benchmarks.
- Industries should be required to develop water efficiency plans and incentives should be implemented to encourage this.

Linda Bowden (*Save the Williams River Coalition*)

