

Draft Water Regulatory Framework

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About the Public Interest Advocacy Centre

The Public Interest Advocacy Centre (PIAC) is leading social justice law and policy centre. Established in 1982, we are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage.

PIAC builds a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality. Our work combines:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change and public interest outcomes.

Energy and Water Consumers' Advocacy Program

The Energy and Water Consumers' Advocacy Program works for better regulatory and policy outcomes so people's needs are met by clean, resilient and efficient energy and water systems. We ensure consumer protections and assistance limit disadvantage, and people can make meaningful choices in effective markets without experiencing detriment if they cannot participate. PIAC receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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1. Introduction

PIAC welcomes the opportunity to respond to IPARTs' Draft Water Regulatory Framework (the Draft).

PIAC broadly supports the proposed regulatory framework, key elements of its approach and its intent to be centred on customers and the community and deliver long-term value for them. Greater scope for greater business flexibility is grounded in incentives to focus on the needs, interests and preferences of customers and the community, and demonstrate how their proposals reflect and promote them.

PIAC congratulates IPART on the approach taken throughout the review. Engagement has been considered, open, flexible, and responsive, and has provided a range of opportunities for input from stakeholders. The process has adapted to input and the circumstances, which have been particularly complicated throughout COVID, and has presented information in a range of accessible formats. Continuing this open, accessible, and responsive approach will be crucial to successful implementation and evolution of the framework, and ensuring it delivers intended benefits to consumers and the community.

While broadly supportive, PIAC recommends a more explicit and consistent focus on customers and the community, rather than just the customer, throughout the framework and its principles. While many stakeholders note that they understand 'customer' to apply widely, it is necessary to be explicit to ensure a consistent understanding of who businesses are responsible to, who their operations impact, and whose interests they must understand, reflect and promote.

Accordingly, we broadly support the structure of the '3Cs' and the principles which comprise them, but recommend further amendments to better reflect the intent of the framework as we understand it, and ensure it is effective.

The framework's inclusion of an IPART assessment of the businesses self-assessments of their proposals is welcome and supported by PIAC. However, we strongly recommend that business self-assessment be set as the maximum, to encourage ambition in business proposals. The operation of this aspect of the framework should encourage the business to gain an accurate understanding of its customers and community, their interests and preferences and priorities for value. It would be inappropriate for IPART to be able to determine that a business 'understood its customers and community better than they thought they did'. It would be particularly inappropriate for IPART to do so when the impact would be increased costs to consumers.

The Draft encourages early engagement with IPART and requires it from businesses previously assessed as 'Standard'. PIAC supports the provision for early engagement with businesses to help build better transparency and understanding between businesses and the regulator. However, we disagree that scope for early engagement is dependent on prior performance of the business. Leading and advanced businesses will likely rely more on early discussions with IPART as they evolve their planning and engagement and the innovative ways in which they intend to build value for their customers and the community.

The changes proposed by these reforms are substantial and will require ongoing commitment from businesses and IPART. While the community will want to see ambition from all parties, it is important to manage expectations on what is possible in a short time. On the part of businesses, it will take a sustained period of commitment to cultural change and embedding customer and community interests into business decisions, to achieve the long-term outcomes sought. Ambition should be tempered with management of the expectation that these changes can be completed quickly, and experience will come with mistakes and lessons that should be expected. Openness on the part of both businesses and IPART will be key to community confidence that ambition will be realised as soon as possible.

During the consultation process, some stakeholders proposed adding a mechanism for review of IPART's assessment of businesses' self-assessment of their proposal. PIAC does not support consideration of this mechanism now. IPART is an independent regulatory body, subject to judicial review of errors of fact, process or law in its decisions. PIAC considers this sufficient. Addition of any further layer of review would undermine the incentive for IPART and businesses to engage early, honestly and commit to act meaningfully and in good faith. Such commitment is at the heart of the framework as intended.

In this submission PIAC makes detailed comment in response to specific aspects of the framework where further amendment and improvement is necessary. We have also provided brief responses to the summary of draft recommendations.

2. Customer and community value

The Draft framework's focus on 'customer value' should be expanded to incorporate 'customer and community value'. Water businesses have a responsibility to a wider range of people than those narrowly defined as customers. There is a high degree of subjectivity to the term, and while some businesses currently indicate they define 'customer' more expansively, the framework should be explicit. A narrow reference to 'customer' may cause businesses to focus on those people and entities with whom they have a direct 'customer' relationship. Clearly indicating a focus on customers and the community removes subjectivity and ensures businesses engage widely and respond appropriately.

In relation to WaterNSW and the Sydney desalination plant, this focus on customers and the community is crucial. It recognises that while these businesses only have a very narrow direct customer base (in the case of the desalination plant, a single customer) their investments, plans and pricing have much wider impact on the community and their responsibility and engagement should clearly reflect this.

PIAC supports the expanded scope for the regulatory framework beyond cost efficiency, to consider customer and community value over the short and long term. This has been a crucial gap in the regulatory framework to date and has curtailed business responsiveness. It has contributed to poor outcomes and undermined long-term sustainability and risk management on behalf of the community. It will be important that implementation of the framework does not involve an imbalanced prioritisation of 'value' without an ongoing focus on efficiency and equity for the community as a whole, as well as those most vulnerable.

Recommendation – 1

That the focus of the framework be on ‘customers and community’, rather than ‘customers’, and the framework and its principles be updated accordingly.

3Cs

With appropriate amendment to ‘customers and community’, PIAC supports the framework of the ‘3Cs’ approach. It is likely to provide the broad scope required for more flexible and effective regulation. We still consider there is further scope to amend the guiding principles and ensure they more appropriately reflect the intent of the new framework. The customer and community principles should be amended so that:

Customer & community centricity

‘How can you demonstrate the needs, interests and preferences of customers and the community have shaped the planning and delivery of services over the short and long term?’

Customer and community engagement

‘Are you engaging customers and the community according to the principles of good engagement?’ (This should refer to a set of principles or guidelines for good engagement that IPART develops and supports.)

Customer and community outcomes

‘How well does your pricing proposal demonstrate that the proposed outcomes for customers and the community, and the projects, planning and service levels to deliver them, are shaped by and founded on their expressed preferences, interests and value priorities.’

Community, equity and inclusion

‘How are you integrating broader community objectives, including responding to traditional custodians of the land and water, while ensuring services are cost-effective and affordable and delivered equitably today and into the future?’

Environment, sustainability and resilience

‘Are you demonstrating you are promoting environmental and sustainability objectives in the long-term interests of the community, including responding to climate change and supporting resilient water resources and services’. (PIAC does not consider it necessary to reference cost efficiency where this is contained in other principles and is a fundamental aspect of regulatory framework as a whole.)

Choice of services

PIAC does not consider choice to be an appropriate priority at the level of principles. We consider it gives ‘choice’ an undue weight and may see businesses seek to create choice where it is not otherwise a priority for customers and the community. While choice is important to regulators and supporters of competitive market frameworks, consumers have not expressed any enduring desire for choice of service or prices in the delivery of essential water services. A leading proposal could include no choice of service but still be a robust representation of community needs, interests and preferences. Choice of services is something that may or may not be determined to be a preference by the community. Where this is the case a business’s proposal will be assessed according the first three principles in this list, and how they have revealed this

preference and responded to it. Choice of services should not be presented at the level of an enduring principle required of businesses. If this is retained it could be qualified by:

'Are you responding to customer and community preferences for variation in tariffs, services and products where they have expressed this preference?'

Additionally, PIAC recommends some principles related to cost and credibility be amended:

Balance risk and long-term performance

'How well do you mitigate long term risks to customers and the community in your investment decisions, and deliver long term asset and service performance in line with community expectations?'

Equitable and efficient cost recovery

'Are your proposed tariffs efficient and do they reflect and promote the customer and community perspectives of equity and fairness? Do they share risk between the business and customers and the community according to the interests and preferences of the community?'

Delivering

'Can you provide assurance that you have the capability and commitment to deliver the intended outcomes for customers and the community, and can you provide indicators of success linked to tangible benefit or cost for the business?'

Recommendation – 2

That the frameworks principles be amended as outlined above.

Harnessing incentives

PIAC supports incentives providing consistent and co-ordinated encouragement for business to focus on revealing and promoting the needs, interests and preferences of their customers and community, and to commit to delivering their value priorities. The implementation and evolution of the framework should focus on ensuring incentives work effectively in concert and not rely on single measures for assumed impact.

Reputational incentives

Reputation is an important incentive for business performance, but we caution against unreasonable expectations of how material the impact of reputation alone will be. The Draft cites the Energy Consumers Australian (ECA) consumer sentiment reporting as an example of a tool of reputational incentive. This may be the case, but it also demonstrates the limitations of the impact of reputational incentives. The ECA consumer sentiment survey has consistently demonstrated a low level of trust and support for energy businesses, in conjunction with a low level of satisfaction with the service, value and outcomes received. This has not materially impacted the performance of retail energy businesses because the reputational incentive is not linked to any meaningful financial or other cost or benefit to the businesses. PIAC regards this as evidence that reputational incentives to be used in conjunction with tangible performance indicators (with financial costs or benefits) that businesses set and commit to.

Where a proposal is assessed as the same by both the business and IPART, it shows that the business has been able to clearly demonstrate that it understands its customers and community and what they value and that it is capable of reflecting that understanding and providing clear evidence to IPART of how they will promote it. There is a substantial reputational incentive in being assessed as a 'Leading' or 'Advanced' business. Where the proposal is assessed as leading or advanced, the business may also claim further incentive (including potential financial incentives).

Financial incentives

PIAC broadly agrees with the structure of incentives provided to businesses delivering advanced and leading proposals. However, included in the assessment of advanced or leading proposals should be consideration of whether a business has provided performance indicators in its proposal as part of its demonstration of commitment to deliver intended outcomes. That is, the business sets performance targets or indicators with cost or benefit at risk, so that up front incentive payments provided to the business do not undermine the incentive for continuous improvement and delivery of better outcomes for customers and the community.

Assessment framework

PIAC supports the mix of self-assessment and IPART assessment of the performance of proposals against delivery of the principles. The framework should place the obligation on businesses to demonstrate how they have delivered against the principles to a standard, advanced or leading level. This gives flexibility to businesses on how they may achieve outcomes and demonstrate that those outcomes meet the principles required.

PIAC notes that the Draft intends the assessment to involve a 'symmetrical' revenue adjustment. This may seem reasonable on the surface, but it has implications for the effectiveness of the framework and incentives for ambition, honesty, and commitment in business proposals and self-assessment of them. The Draft indicates that a business which self-assesses as 'standard' may be assessed by IPART as Advanced or leading and be rewarded with an upward revenue adjustment. In our view, this is not acceptable. Businesses should be encouraged to be the most informed regarding the interests and preferences of their customers and community, and commit to openly and robustly reflecting this in their proposal in a way that demonstrates they have met the principles outlined in the framework.

The IPART assessment of a business proposal is a test of the case the business has made. It would not be appropriate for IPART to be able to 'uplift' the business's own assessment.

It is not appropriate for IPART to be seen to be increasing costs to consumers as a result of 'overruling' the business's own assessment of how well they are reflecting the customer and community interests and value.

The framework should provide a strong incentive for the business to be ambitious (by setting a high bar for how their proposal can be assessed and what revenue adjustment they are eligible for), a strong incentive to be comprehensive in understanding the interests of their community and consumers; and honest and transparent in reflecting it (ensuring that their proposal is able to clearly support their assessment of themselves and justify the revenue uplift). If a business was penalised for an overly ambitious proposal that was not demonstrated but rewarded for a

proposal that met or exceeded their self-assessment, the incentive is to under-estimate their proposal and put more pressure (and responsibility) on IPART.

PIAC recommends IPART amend the framework ensure that a business's self-assessment of their proposal sets the maximum level of assessment for the proposal.

Recommendation – 3

That the assessment framework be amended so that a business self-assessment sets the maximum level at which a proposal may be assessed.

3. Summary of responses to draft recommendations

Update IPARTs pricing framework to promote customers, costs and credibility

1 IPART will update our water pricing framework to better promote customer value, cost efficiency and credibility. These elements are referred to as the 3Cs. They are supported by individual principles that:

a. Water businesses will use to guide pricing proposals that promote the long-term interests of customers

PIAC supports principles directing businesses to focus on long-term interests. However, we recommend that IPART amend each principle to ensure businesses are directed to focus on the long-term interest of customers and the community, to reflect the full scope of responsibility of water businesses.

b. IPART will use to assess pricing proposals, and as a basis for its decisions, in a pricing review.

PIAC supports IPART using the same principles to assess the businesses proposals, considering how businesses have demonstrated the level of their understanding, reflection and promotion of customer and community value.

2 IPART will engage with the water businesses to develop a handbook that provides the level and type of guidance required to support water businesses' proposals under the 3Cs framework. It will be updated over time.

PIAC supports IPART working with businesses and community stakeholders to develop clear guidance for businesses, assisting them with implementation of the framework, the development of proposals and supporting them to successfully develop high-quality proposals grounded in and shaped by the interests and perspectives of their customers and community. We agree that understanding of the framework will develop over time and it is appropriate for IPART to regularly update their advice and guidance (along with the framework itself) to support businesses to deliver on the intent of the framework.

Engage early with water businesses to support customer outcomes

3 Water businesses can engage with IPART one or two years before a pricing proposal. Early engagement:

- a. **Aims to ensure water businesses are supported and accountable for developing their pricing proposals. Delivering their plans and engaging with their customers.**
PIAC supports measures requiring businesses to engage early with customers and the community, and IPART. Early engagement, particularly in the first round of proposals, helps improve mutual understanding between businesses and IPART and allows the regulator to identify questions and issues early. It also enables business to share plans for engagement and early indications of customer and community value that may be prioritised in a proposal. These measures help narrow potential gaps in assessment of proposals and increase the likelihood of agreement in the level of assessment in the final stages.
- b. **Is expected for a water business that previously submitted a Standard proposal, and optional if it previously submitted an Advanced or Leading proposal**
PIAC recommends early engagement be expected or required of all businesses, regardless of the level of the assessment of their previous proposal. As outlined above early engagement helps increase shared understanding of intent and identify potential issues early. This is a positive regardless of the previous performance of a business.

Additionally, higher performing businesses are likely to be proposing more complicated or innovative proposals. More opportunity for IPART to ask questions and be informed early, will help ensure proper assessment and likely agreement. In any case, PIAC considers it necessary to ensure constant evolution of assessment, and recommends that prior performance not result in assumptions which may encourage or otherwise reward stalled performance or complacency.

Enable water businesses to promote customer value through pricing proposals

4 Water businesses will demonstrate how well their pricing proposals promote customer value, encourage cost efficiency and whether they can be credibly delivered by self-assessing whether their pricing proposals meet the 3Cs framework at a standard, Advanced or Leading level.

PIAC strongly supports the regulatory framework's grounding in the business's responsibility to demonstrate promotion of customer and community value, cost efficiency through credible commitments in their proposals. Focusing on business responsibility to demonstrate their understanding and promotion of customer and community value enables businesses to respond flexibly, while ensuring responsibility for demonstrating 'evidence' of that value is an effective regulatory discipline for businesses.

5 Water businesses will provide information to support self-assessments, including:

a. Proposed customer outcomes and performance targets, and as applicable, how these are complemented by operating licence conditions and/or incentive schemes

PIAC strongly supports the framework requiring businesses to set and assess themselves against customer and community outcome and performance targets. These outcome and performance targets should be effective progress or outcome measures for 'customer and community value' based on the interests and preferences of customers and community, developed through meaningful engagement.

Businesses which link outcome and performance targets to incentive schemes, revenue at risk, or other tangible measures of commitment could be regarded as being more advanced.

b. A nominated efficiency factor, that is substantiated with activities to deliver on this commitment

PIAC supports the use of nominated efficiency factors linked to tangible measures in a proposal. The level of ambition in any nominated efficiency factor would be readily comparable to other industry peers or similar businesses and could be used to demonstrate ambition and credibility as a contribution to the level of assessment.

c. Supporting evidence that its focus principles are consistent with customer principles

PIAC supports businesses being responsible for providing evidence to demonstrate how their proposal meets the principles set out in the framework. 'Focus principles' should not be explicitly encouraged. It may be that the customers and community of a business express strong preferences in certain aspects of value consistent with a particular set of principles, but it is important that all principles remain equally valid and important in overall assessment.

d. Board (or equivalent) endorsement that the pricing proposal best promotes the long-term interests of its customers

PIAC supports measures to encourage whole-of-organisation commitment to self-assessments and the evidence contained in proposals. Board (or equivalent) endorsement is an important sign of organisational commitment and should be encouraged, but not given undue weight as an indication of a commitment to promotion of customer and community value. This should be regarded as an additional support for existing evidence, not evidence in itself.

Provide incentives for water businesses to promote customer value and tailor decisions in a pricing review

6 IPART will assess whether we agree with the water business's self-assessment that its proposal meets the 3Cs framework at a Standard, Advanced or Leading level.

PIAC supports the framework providing for a self-assessment by the business, and a subsequent assessment by IPART of the businesses proposal.

a) **IPART will require a water business that submits a sub-standard pricing proposal to resubmit within six months**

PIAC agrees that sub-standard proposals should be required to resubmit within a reasonable period. We consider it necessary to consider what measures may be available if a business continues to submit a sub-standard proposal. While we do not expect this, it is important at the outset of the new framework to give clarity to businesses.

7 **IPART will provide financial rewards and penalties depending on our assessment of the water business's proposal against the 3Cs framework. We will provide a financial reward – calculated as a percentage of the revenue requirements – where we agree with the water business that its proposal is Advanced or Leading.**

PIAC supports the 'dual' assessment framework providing for a potential financial benefit to the business where IPART agrees a proposal is Advanced or Leading. We do not support a framework which allows IPART to 'increase' the level of assessment of a proposal, on the basis that it would increase costs for consumers beyond the level a business felt was justified. IPART should be able to 'lower' the assessment of a business's proposal where IPART determines that insufficient demonstration of customer value is present, but the level of self-assessment by a business should represent the 'ceiling'.

8 **IPART's assessment of the water business's proposal against the 3Cs framework will be used to determine our approach to expenditure reviews and to tailor key to decisions in a review.**

PIAC supports a differentiation in response to proposals of different standards. Businesses should be encouraged to be ambitious – through a range of benefits to advanced and leading proposals – and PIAC supports measures including financial, reputational, procedural and others, being attached to the level of proposal assessment.

Encourage ongoing customer value through financial incentives

9 **IPART's assessment of the water business's proposal against the 3Cs framework will determine the financial incentives we provide for ongoing performance. We will use financial and service performance incentive mechanisms for Advanced and Leading proposals. Where the benefits exceed the costs, these proposals will have an incentive regime comprising:**

a. **An operating expenditure benefits savings scheme**

While we support differentiation in options available to businesses depending on the level of their proposal, there may be value in providing avenues for all businesses to propose operating expenditure savings measures, even if they are subsequently assessed as submitting a standard proposal.

b. **A capital expenditure savings scheme, and**

An effective capital expenditure savings scheme should be explored further, but it is not clear that a practical and effective mechanism is available yet. This may be an aspect of the regulatory framework that can be targeted for implementation later. PIAC supports exploration of further measures to ensure balance between capital and operational

expenditure and recommends that any business using operational expenditure savings schemes should have to provide credible demonstration that expenditure is not being capitalised.

c. A customer outcomes delivery incentive scheme for key customer outcomes

PIAC regards this as the most important aspect of any incentive scheme. All businesses should be encouraged to focus on revealing key customer and community outcomes for their operations, and deriving a series of outcome (and progress) indicators to base incentives on. This aspect of incentives should be a requirement for all businesses and any business not setting a range of key customer outcomes based on the interests and preferences of their customers and community, should be regarded as 'substandard'.

10 IPART will implement a shadow price for leakage to encourage efficient reductions in leakage. This will apply for water businesses with Advanced or Leading proposals who serve retail customers.

PIAC supports measures to encourage efficient reductions in leakage and conservation, in line with community expectations and preferences.

Update common elements of the price review process to promote effective and efficient regulation.

11 IPART will set 5-year regulatory periods and conduct price reviews over nine months, unless another timeframe is agreed in advance.

PIAC supports a default 5-year regulatory cycle with a nine month price review process, unless otherwise agreed.

12 IPART will update how we assess proposed operating expenditure by:

a. Implementing a base-step-trend approach

PIAC is broadly supportive of the base-step-trend approach to assessing operating expenditure.

b. Streamlining information returns to support greater use of benchmarking

PIAC supports greater use of appropriate benchmarking.

13 IPART will update how we assess proposed capital expenditure reviews by:

a. Working with the water businesses to develop predictive models for longer-term capital expenditure needs

PIAC supports greater collaborative effort to develop a better understanding of long-term capital needs and how to forecast them consistently and more accurately.

b. Conducting reviews of historical capital expenditure by exception

While historical reviews should not need to be assumed practice, they should remain an important tool to assess current and future risk, credibility, and to provide additional accuracy to assessments based on benchmarking.

14 IPART will require expenditure review consultants (where used) to recommend a range of efficient expenditure.

PIAC supports detailed assessment of efficient expenditure where necessary. While it is likely that this will be conducted through third part consultants, PIAC encourages IPART to develop and retain sufficient internal capability for expenditure assessment to identify where deeper assessment is necessary (or not).

15 IPART will update our regulatory approach around the 3Cs framework

- a. The criteria IPART will apply to test the prudence and efficiency of proposed expenditure will be included in the 3Cs framework and guiding principles rather than separate guidelines.**

PIAC supports incorporating all criteria for assessment within the framework and principles, rather than separate guidelines. However, it may be necessary, particularly in early years of implementation, to provide further explanatory material and guidance to businesses in support of the framework, to explain the principles and how they will be applied.

- b. As water businesses will promote the service improvements that their customers want and value by proposing customer outcomes, IPART will not apply a separate discretionary expenditure framework.**

PIAC supports their being no separate discretionary expenditure framework.

- c. Our proposed customer choice pricing model promotes differentiated service offerings and broadens the scope for unregulated pricing agreements**

PIAC does not support 'customer choice pricing' being incorporated at the level of a principle in the framework. Customer and community choices will be revealed through the process of engagement. If and when customers and the community demonstrate a preference for particular choices to be offered, then this will be an aspect of the business's demonstration of customer and community value. Customer 'choice' is not, in itself, a fundamental value requiring support through a principle. This should be removed.

16 IPART will simplify the building block models without affecting the quality of outcomes, as outlined in Appendix A of the Draft Technical Paper.

PIAC agrees with simplified building block models that do not impact the quality of outcomes.

Provide flexibility to address changing revenue needs where it promotes the long-term interests of customers

17 IPART will provide water businesses with mechanisms to manage changing revenue needs over the short and long term, where these promote better customer outcomes. We will outline principles which we will consider when assessing proposals:

- a. To account for uncertain and unforeseen costs within a pricing period with a cost pass-through, ex-post true-up, letter of comfort, or a partial or a full re-opening of a pricing determination.**

PIAC agrees that IPART should provide businesses with a range of tools to manage

extreme uncertainty. However, we encourage IPART to outline how the businesses can propose to manage uncertainty and risk themselves, according to the preferences and interests of their customers and community. For instance, a business's customers and community may value price stability and predictability and express a preference for the business to take on more 'uncertainty risk' on their behalf, in exchange for slightly higher prices over time. IPART should not encourage any particular solution, but provide guidance that in addition to the options outlined, changing revenue may be handled within the business proposal itself as a demonstration of the business's understanding of customer and community value.

b. To smooth revenues between pricing periods with accelerated depreciation, annuities or escrow accounts.

PIAC supports inclusion of these options and, as above, recommends IPART outline how businesses may elect to handle uncertainty according to the preferences of their customers and community.

Increase the importance of ongoing performance models

18 Each water business will publish its performance against customer outcomes annually and communicate this information to customers.

PIAC supports annual performance reporting against customer outcomes nominated in a business proposal, in addition to base performance measures already measured (such as water quality, reliability and environmental performance requirements)

19 IPART will publish and maintain an online performance dashboard on water business' performance against customer outcome commitments.

PIAC supports IPART maintaining an independent information source and publishing annual customer and community outcome performance for water businesses.

20 IPART will establish a Regulators Advisory Panel to promote better collaboration between regulators of NSW water businesses.

PIAC supports the establishment of a Regulators Advisory Panel to promote better collaboration between regulators. However, considering the centring of the framework on customer and community value, and the key role of engagement, PIAC strongly recommends incorporation of key consumer and community stakeholders on this group (for instance a large business, agricultural, and household consumer stakeholder).

21 IPART will review and update the 3Cs framework every 5 years. This will include an independent review of the framework after the first round of reviews under the new framework.

PIAC recognises this framework will need to evolve and adapt as it is implemented and supports scheduled review every 5 years, with a comprehensive independent review after the first round.