

# **Submission to IPART's Hunter Water 22-27 Operating Licence End-of-Term Review**

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## About the Justice and Equity Centre

The Justice and Equity Centre stands for a society that is fair and free from discrimination and disadvantage. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we use the law and policy advocacy to challenge injustice and inequality. We do this through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

## Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work 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**

The JEC welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) Hunter Water Operating Licence Review 2026-27 Issues Paper ('the Issues Paper'). Hunter Water's Operating Licence sets the terms for Hunter Water's decisions over the next regulatory period and plays a crucial role in framing the needs and interests of the Hunter community and how Hunter Water should support those in ensuring equitable access to safe, reliable and sustainable water services.

The JEC was deeply involved in Hunter Water's recent process of engaging with the community in developing its Pricing Proposal. The JEC is a member of Hunter Water's Stakeholder Advisory Forum and is involved in overseeing the Community Committee. This engagement has largely been undertaken as part of the JEC's role as a consumer engagement expert and advocate for the interests of NSW households, and in service of our objective to ensure decisions which impact NSW household access to water services are grounded in, and shaped by, robust engagement with consumers and the community.

The JEC broadly supports IPART seeking to align the forthcoming Hunter Water operating licence with the Sydney Water operating licence that was recently updated. This iteration, adjustment and updating process is good regulatory practice and contributing to demonstrable improvements for NSW households. Where practicable and desirable, the JEC supports IPART continuing to identify where the conditions in the Sydney Water licence could be improved upon in the Hunter Water licence.

Our submission provides a response to IPART considerations on the scope of the review, licence objectives, obligations to customers and climate obligations.

## **2. Review scope**

The JEC broadly supports IPART's position that Hunter Water's operating licence is a mature licence under the scope of its current intent; that Hunter Water has demonstrated good compliance with the current requirements of its licence; and that not all licence obligations need to be reviewed as part of the 26-27 Review.

Where key considerations are consumer 'needs', 'interests' and 'preferences' we understand the primary role of the licence to be asserting and evolving the expression of consumer needs to be met by Hunter Water, as well as evolving the understanding of the 'interests' of the community and how Hunter Water should promote and protect them.

### **2.1 Performance standards**

Performance standards outline key community 'needs', as well as established community interests. They set the terms of the acceptable quality and level of service that households and the community receive from Hunter Water and are the foundation for investment and operational decisions Hunter Water makes in subsequent regulatory proposals.

The JEC agrees with IPART that recent consumer and community engagement conducted by Hunter Water supported a continuation and evolution of the performance standards set out in the licence and broadly supported them as acceptable markers of the actual level of service being provided by Hunter Water.

While IPART does not currently propose to make changes to the performance standards included in the Hunter Water licence, the JEC recommends that core performance standards be common to both Hunter Water and Sydney Water, with additional or augmented performance standards being added where justified and practicable.

The JEC supports IPART requiring Hunter Water to:

- Monitor for new engineering insights or data models that may improve our understanding of the relationship between required expenditure and the existing performance standards.
- Continue to undertake stakeholder consultation to evolve understanding of the needs and interests of the community, and where standards should iterate accordingly. The focus should be on more meaningful expressions of the community's' values, and more practical means to monitor Hunter Water's performance in promoting them

### **Performance monitoring**

Reporting on performance and quality is a key transparency mechanism, providing insights into how Hunter Water is delivering on key outcomes related to the needs and interests of the community. IPART's role in monitoring is important in understanding the experiences and outcomes for water consumers and helping to ensure the water system is working for them. The JEC supports the criticality of transparency and the role of monitoring as an important guidance for future licencing, investment and operational decisions, policy and reform. We broadly encourage IPART to consider any opportunities to improve the foundation of information and evidence for future licencing and policy processes.

The JEC recommends that IPART use this operating licence review to raise the standard of performance reporting for Hunter Water as part of ongoing measures to create consistent standards and reporting for all NSW water consumers. In particular, the information collected from Hunter Water should be expanded and made more easily publicly accessible.

While IPART may decide not to substantively change the performance standards, the JEC recommends that performance indicators are updated to at least align with, but preferably improve upon, the indicators required of Sydney Water as part of implementing a 'highest common denominator' approach to performance indicators.

## **3. Issues**

### **3.1 Licence objectives**

The JEC understands that section 1.1b(i) of the licence objectives aligns with legislated State Owned Corporations Act objectives. However, "having regard to the interest of the community" is not a sufficiently robust direction to act in the interests of the community. The JEC recommends

that IPART strengthen the objectives by adding an additional objective at 1.1b(iii) promotes and protects the interests of the community.”

### **Intergenerational equity**

The JEC supports the licence being updated to expressly refer to intergenerational equity, though we note this must be appropriately framed so as not to invite unintended consequences – for instance, unduly preferencing the interests of hypothetical future generations over the existing community.

Through our observation of consumer and community engagement sessions for both Hunter Water and Sydney Water, having appropriate regard to intergenerational equity is important to the community. However, the presentation of intergenerational equity, what is considered as part of it, and how to meaningfully balance those considerations is often inconsistent, sometimes to the point of distortion. This risk will need to be managed through appropriate contextualisation of the considerations of intergenerational equity.

We acknowledge that Hunter Water has previously included consideration of intergenerational equity in their engagement sessions. But there is currently no obligation on Hunter Water to do so. By referring to appropriate consideration of intergenerational equity in the licence objectives, IPART will be:

- enshrining existing practice into regulation, which is a useful protective measure against changes to business practices or leadership;
- providing Hunter Water and engagement consultants with a stronger mandate to build consideration of intergenerational equity into engagement processes; and
- providing a consistent basis upon which an appropriate framing for consideration of intergenerational can be evolved, to ensure consumers can consider it meaningfully, while mitigating risks of unintended consequences

### **Climate change risks and actions**

The JEC supports adding explicit new objectives on climate change risk and mitigation actions to the Hunter Water Operating Licence. As the provider of an essential service whose services will be materially impacted by ongoing climate change, climate risk readiness should be appropriately integrated into Hunter Waters’ consideration, promotion and protection of the community’s’ needs and interests. Adding an explicit climate change objective into the Hunter Water Operating Licence would align water services with other essential services including energy. For example, the National Energy Objectives include:

“to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- a. the achievement of targets set by a participating jurisdiction—
  - i. for reducing Australia's greenhouse gas emissions; or
  - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions.”

## 3.2 Obligations to customers

The JEC understands that Hunter Water will be providing an updated version of the Customer Contract to be included as part of the Draft stage of the licence review. We will provide a more detailed response on Hunter Water's obligations to customers and the customer contract in response to that updated version. However, as an interim statement of principle and approach we consider the below feedback to be useful for both IPART and Hunter Water in preparing for the Draft stage of the licence review.

### Engagement with First Nations' Peoples

The JEC supports IPART including a requirement for Hunter Water to engage with First Nations' stakeholders in the Operating Licence. The NSW Aboriginal Water Strategy identifies that "water holds deep and enduring significance for Aboriginal peoples across NSW. It is understood as a living entity and an integral part of Country, culture, identity and community."<sup>1</sup> As an organisation that is responsible for managing waterways and water resources for the Hunter Valley, Hunter Water should be required to take seriously its role in seeking out and implementing First Nations knowledge and preferences on decisions regarding water. We acknowledge that Hunter Water has recently undertaken First Nations' engagement and partnerships, however there is currently no obligation on Hunter Water to do so. Current practice should not be assumed to be durable. As with intergenerational equity, by expressly referring to engagement with First Nations' peoples in the licence objectives, IPART will be:

- enshrining existing practice into regulation, which is a useful protective measure against changes to business practices or leadership;
- providing Hunter Water and engagement consultants with a stronger mandate to build meaningful First Nations' engagement into Hunter Water processes.

### Complaints and disputes

The JEC supports retaining current operating licence requirements for both internal complaints and independent external dispute resolution. The JEC does not support allowing alternative external dispute resolution, and recommends this provision be removed for the 26-27 licence review. The NSW Energy and Water Ombudsman (EWON) is the established independent dispute resolution organisation with a proven track record across energy and water. The effectiveness and accessibility of independent dispute resolution depends on a clear and consistent understanding of how to access services, as well as trust that disputes will be fairly resolved. This is materially undermined where multiple actors exist. We strongly disagree with any IPART decision supporting any alternate external dispute resolution.

### Rebates – Service Provision

The JEC supports IPART reviewing rebates as part of the 22-27 licence review. Bills for Hunter Water consumers will rise substantially throughout the licence period, as a result of the Hunter Water 25-30 Pricing Determination. The JEC recommends including a mechanism in the

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<sup>1</sup> NSW DCCEEW, 2025, [NSW Aboriginal Water Strategy](#)

operating licence to increase rebates proportionately in line with the price increases and inflation regardless of any other material changes to the quantum and relative value of rebates.

### **Rebates - Affordability**

The JEC supports IPART's prior analysis that existing rebates and assistance measures should be improved to better deliver affordability support for Hunter households<sup>2</sup>. We reiterate our recommendation included in our response to Hunter Water's Pricing Proposal that a wider NSW Government review and reform of required assistance and supports for water services is required to ensure all NSW households have equal support for affordable access to water services.

### **Tenants**

The JEC supports IPART aligning the Hunter Water operating licence conditions on tenants with those recently adopted for the Sydney Water operating licence. In particular, the JEC supports IPART including a mechanism requiring Hunter Water to produce a separate explanatory document specifically for consumers (tenants) that sets out their rights, and what parts of the Customer Contract do and do not apply to tenants.

The JEC is available to assist Hunter Water in designing this document to best achieve the intended outcomes of providing the document. We are aware that Hunter Water has undertaken good engagement with tenants and we encourage continued work in this area. In any case, IPART should encourage this document to be developed in consultation with the community and stakeholders. This document should form part of the Draft Customer Contract that Hunter Water is providing to IPART prior to the publication of the Discussion Paper for this Licence Review.

### **Family Violence**

The JEC supports – at minimum - IPART aligning the Hunter Water operating licence conditions on family and domestic violence with those recently adopted for the Sydney Water operating licence. Our preference is for IPART to seek opportunities for improvement and further iteration. Domestic and family abuse is an area where community understanding of its scope, prevalence and impact is increasing rapidly and Hunter Water's domestic and family violence policy and documents must be required to reflect current best practice.

We note the forthcoming research series from Thriving Communities "One Generation: What lived experience tells us about domestic and family violence and the essential services people rely on every day."<sup>3</sup> This research series will include insights on essential services, including water services, and how they can best support victim-survivors of family and domestic violence. This will be a useful resource for Hunter Water and IPART in considering updates of the family and domestic violence licence conditions.

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<sup>2</sup> IPART, 2025, [Draft Report: Review of prices for Hunter Water Corporation from 1 July 2025 – April 2025](#), p.92

<sup>3</sup> Thriving Communities, 2026, [One Generation: Customer Insight Snapshot – What victim-survivors need from organisations](#)

### **3.3 Climate obligations**

#### **Climate abatement, adaptation and resilience**

The JEC supports IPART maintaining consistency in obligations across Sydney Water and Hunter Water through a 'highest common denominator' approach to the greatest degree appropriate and practical. We support IPART's preliminary position that additional licence obligations related to climate change abatement, adaptation or resilience may not be necessary as these climate action activities are already required of Hunter Water through other policies and frameworks. Though we note that other policies and frameworks can be altered or may not always be monitored robustly, and licence conditions can provide a meaningful layer of certainty.

#### **Climate risk readiness**

The JEC supports introducing new operating licence conditions on climate risk readiness to the Hunter Water Operating Licence. As the provider of an essential service that will be considerably impacted by ongoing climate change it is integral that climate risk readiness is prioritised by Hunter Water. We strongly recommend Hunter Water achieving a climate-risk maturity level of 'embedded' as defined in the NSW Government's Climate Risk Ready Guide. Achieving this level of climate risk maturity recognises the essentiality of water and the level of risk that Hunter Water will be exposed to through changes to our climate.

## **4. Continued engagement**

The JEC welcomes the opportunity to discuss these matters further with IPART, Hunter Water or other stakeholders.