



4 December 2024

Ms Carmel Donnelly
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Ms Donnelly

Issues Paper - Review of prices for Hunter Water 2025-30

Thank you for the opportunity to comment on this issues paper, which is part of IPART's Review of Prices for Hunter Water from 1 July 2025.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers including Hunter Water. For water customers, we respond to complaints relating to retail and distributor activities. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

We have only responded to the question in the issues paper that align with issues customers raise with EWON, or with our organisation's operations as they relate to this rule change.

If you would like to discuss this matter further, please contact Bryce Purches, Senior Advisor – Policy, Impact & Knowledge, on (02) 9078 6901.

Yours sincerely

A handwritten signature in blue ink that reads "Janine Young".

Janine Young
Ombudsman
Energy & Water Ombudsman NSW

EWON Submission for IPART's Issues paper – Review of prices for Hunter Water 2025-30

EWON welcomes the opportunity to comment on this issues paper. IPART has also published a letter from the NSW Premier on matters to consider for the Hunter Water price determination. The NSW Government requires this review to include consideration of:

- the cost-of-living impacts of the price determinations
- the effectiveness of existing rebates to manage the social impacts of the price determinations, including if the program will adequately support customers who may be disproportionately impacted by any price increase¹.

Our submission relates to these two issues. For this reason, our feedback is focused on question 3 of the consultation paper. In summary, EWON recommends that:

- **IPART and Hunter Water now focus on mitigating the affordability impact these prices increases will have on the different types of households in NSW** – EWON notes that the proposed price increases will add further pressure on households experiencing financial vulnerability. We therefore recommend that IPART and Hunter Water now focus on mitigating the affordability impact these prices increases will have on the different types of households in NSW.
- **IPART consider the recent changes made to rebates for energy customers** – we recommend that the review of the effectiveness of existing rebates considers the actions taken by the NSW Government for energy consumers. This could include widening the eligibility of the current pensioner concessions to other households that are at risk of vulnerability.
- **Rebates for customers at risk of experiencing vulnerability must be made fit for purpose to mitigate the impact of increased water usage charges and drought pricing:**
 - Hunter Water's proposal does not appear to include any increases to the current pensioner rebate in the 2025-30 pricing proposal. EWON recommends that IPART seek additional information from Hunter Water on how these rebates will remain fit for purpose over the 2025-30 regulatory period.
 - IPART's review should also include how the eligibility for these rebates could be widened to include other households (such as renters, large households and others experiencing vulnerability) during periods of drought pricing.
- **Hunter Water provide more information about the Payment Assistance Scheme** - We recommend that Hunter Water provides IPART with more information about how it will expand payment assistance to better assist customers facing increased water usage pricing and drought pricing.
- **Hunter Water plan an education campaign prior to any drought pricing trigger** – EWON strongly encourages IPART and Hunter Water to consider the need and requirement for early and consistent community and customer education on drought pricing and the impact that it will have on customer bills. This will reduce bill shock for customers, assist in the reduction of complaints and work towards building consumer trust in the water sector.

¹ [Letter-from-the-Premier-to-IPART-on-matters-to-consider-for-the-Sydney-Water-and-Hunter-Water-price-determinations-August-2024.PDF](#)



Question 3 – Setting prices that customers can afford is a key concern for this review. What factors should we take into account when considering customer affordability?

The cost-of-living and the need to mitigate the impact of increased water usage prices and drought pricing on households at risk of vulnerability

Hunter Water has proposed to retain the existing water pricing structure, however, has opted to place a higher proportion of the increase to the variable usage charge, rather than the fixed service charge.

The cost-of-living crisis that has engulfed Australia over the last two years will continue to impact on NSW households and businesses well into the 2025-30 period. The proposed increase to water prices will add further pressure on households experiencing financial vulnerability.

In 2023-24, EWON received 80 complaints about Hunter Water, a 25% increase on the 2022-23 financial year.² While complaint numbers for Hunter Water are lower than those of Sydney Water, it is comparable based on customer base. We anticipate any price increase will result in a further increase in complaints over the 2025-30 period.

The Hunter Water and Sydney Water pricing proposals differ on how the price increases are apportioned between usage charges and fixed prices. We acknowledge the difficulty of balancing the structure of these increases, as each specific customer and consumer group will be affected by this decision in different ways.

We recommend that IPART and Hunter Water now focus on mitigating the affordability impact these price increases will have on different types of households.

Rebate initiatives in the energy sector

On 1 July 2024, Energy rebates in NSW were extended to include additional cardholders, such as the Low Income Health Care Card and all DVA Gold Card holders, in addition to already providing rebates for Health Care Card holders. This category includes many vulnerable segments of the population including those who are unemployed, single parents, and people with casual and tenuous employment. It is also important to note these are the customers more likely to live in rented accommodation and who will be most adversely impacted by significant price increases.

All energy rebates were also increased by over 20% to assist in the management of meeting increased energy costs.

We recommend that the review of the effectiveness of existing rebates considers the actions taken by the NSW Government for energy consumers. This could include widening the eligibility of the current pensioner concessions to other households that are at risk of vulnerability.

Rebates for customers at risk of experiencing vulnerability must be made fit for purpose to mitigate the impact of increased water usage charges and drought pricing

Affordability rebates (currently limited to pensioner concessions) help vulnerable consumers stay connected to essential services and should be aligned to work with the pricing structures in place. EWON has long called for a review of rebates to help mitigate against the impact of drought pricing.

² [EWON Annual Report 2023-24](#)



Hunter Water outlines that its community has a higher degree of relative socioeconomic disadvantage than Sydney and other metropolitan areas, meaning that more of its customers may find an increase in their water bill difficult to manage. This includes:

- several areas of significant relative socioeconomic disadvantage
- a higher proportion of relatively disadvantaged, and far lower proportion of relatively advantaged postcodes than in Greater Sydney
- a higher proportion of the population receiving Government benefits than in Greater Sydney
- a generally lower gross household incomes than in Greater Sydney.

Many households continue to deal with cost-of-living pressures including inflation, increased interest rates, and higher utility prices. Some groups of water users are at risk of being more adversely impacted by the drought pricing proposed by Hunter Water in the 2025-30 regulatory period, including:

- **Renters:** renters are not eligible for rebates for concession holders. They are also most impacted by the higher proportion of increases to usage charges, as they are usually responsible for usage charges while the landlord is responsible for the fixed charges. Hunter Water has advised that the proposed increase in water prices is partly in the fixed charge and mostly in the variable charge. This will impact on tenants when they are not eligible for the current pensioner rebate.
- **Large households:** For large households such as multigenerational family households, there can be limited discretion over consumption. This means large households will often lack capacity to respond to increased prices or the implementation of drought pricing.
- **People experiencing vulnerability:** The approach to rebates for concession holders varies between water providers. The overall changes to water pricing raise the question of whether the rebate framework is fit-for-purpose and providing adequate support to people experiencing vulnerability.

Hunter Water's proposal does not appear to include any increases to the current pensioner rebate in the 2025-30 pricing proposal. EWON recommends that IPART seek additional information from Hunter Water on how these rebates will remain fit for purpose over the 2025-30 regulatory period.

IPART's review should also include how the eligibility for these rebates could be widened to include other households (such as renters, large households and others experiencing vulnerability) during periods of drought pricing.

Payment Assistance Scheme

As noted above Hunter Water has outlined that its community has a higher degree of relative socioeconomic disadvantage and therefore more customers will find it harder to manage an increase in their bills. It is likely that more customers will look to access assistance that is available to them.

It is pleasing to see that Hunter Water has recently expanded the eligibility to small business customers.

Sydney Water outlines that Payment Assistance Scheme (PAS) provides owner-occupiers with up to \$300 per quarter and tenants with up to \$150.00 per quarter. In its 2025-30 pricing proposal Sydney Water has also outlined that the PAS forecast will be scaled to meet customer demand.

Hunter Water has not outlined any increases or details that consider an increase to the total payment assistance that may be required to offset the proposed price increases. In the energy sector, Energy Accounts Payment Assistance (EAPA) is assessed each year and amounts have been



increased to take into consideration cost of living pressures and EWON would encourage Hunter Water to take steps to review these amounts.

Hunter Water does not provide sufficient information about its scheme, either

- in its pricing proposal about how it will expand payment assistance to better assist customers facing price increase and cost of living pressures, or
- on its website as to its current practices, including detailed information about amounts for customers and tenants. There is also no information about expanded eligibility to small business customers.

We recommend that Hunter Water provides IPART with more information about how it will expand payment assistance to better assist customers facing increased water usage pricing and drought pricing.

Drought water usage pricing and the need for significant community education

Hunter Water has proposed to maintain its drought water usage pricing, which sets a different price for water consumption during times of drought, when dam storage levels fall below 60% and remain in place until storage levels rise to 70%.

The 2020-24 regulatory period was the first time that this was approved for essential service provision in NSW, however the pricing mechanism was not triggered during this period.

We acknowledge that it is important to conserve water and reduce excess consumption, however using the price as a tool to achieve this will adversely impact vulnerable customers while providing no incentive for those with disposable income to change high consumption behaviour.

For some vulnerable customers, large families or people in rental accommodation, the increased pricing, for potentially long periods will impact significantly, prolonging or worsening financial difficulties and forcing customers to make a choice to go without or unnecessarily restrict an essential service.

Hunter Water acknowledges that it has not consulted customers on whether to retain the drought water pricing for the 2025-30 pricing proposal and outlines that it already has customer views on a hypothetical drought water usage price from customer and community engagement in 2018. It is likely that customer perceptions would be different in 2024, when faced with the additional economic stressors and faced with significant price increases from 1 July 2025. Hunter Water also states that customers lack experience with the practical application of the drought water usage price, since it has not been triggered in the current pricing period.

EWON strongly encourages IPART and Hunter Water to consider the need and requirement for early and consistent community and customer education on drought pricing and the impact that it will have on customer bills. This will reduce bill shock for customers, assist in the reduction of complaints and work towards building consumer trust in the water sector.

As already noted above, EWON also recommends that IPART consider the need for additional rebates or payment assistance to assist vulnerable customers during periods of drought pricing.

Enquiries

Enquiries about this submission should be directed to Bryce Purches, Senior Advisor – Policy, Impact & Knowledge, on (02) 9078 6901.