



**WaterNSW Pricing Proposal 2025 – 2030**

# **Customer and Community Engagement Strategy 2023 and 2024**

May 2023



## Acknowledgment of Country

WaterNSW acknowledges all First Nations people throughout NSW, their connection and legacy to this country is continually shown through their ongoing spiritual, physical and cultural knowledge and practices of the lands and waters.

We pay our respects to all Elders past, present and emerging and acknowledge their ongoing connection and commitment to the waters and lands on which we operate.

We recognise their vast cultural knowledge and management of country and will work with them to implement an Engagement Strategy that captures this knowledge, and the issues that matter most to our First Nations communities when it comes to the future of water in NSW.



# Message from the CEO

At our core, WaterNSW's purpose is simply water, delivered when and where it matters. But as with all businesses, there are growing expectations from our customers, stakeholders, local communities, and government about how we deliver our core services. Increasingly, these expectations are centred on how we respond to the challenges of climate change, protection of the environment, cost of living pressures, increasing regulation, together with transparent and effective governance.

Our organisation sees firsthand the impact of our changing climate with the extremes of drought and flood over the last three years alone re-shaping the services we've delivered. We will be doing our part by increasing engagement with our customers, communities and stakeholders, as we continue to adapt how we operate our catchments, assets and dams into the future. Customers will be front and centre as we implement our strategic plans and take action to reconcile with a more challenging climate of extremes.

To meet these challenges, we must ensure we're focused on providing an essential service that is valued, and which can be relied upon. That's why our vision is to support the resilience of NSW communities through our leadership in delivering water services.



The pricing proposal process is an example of how we'll be working collaboratively with our customers to plan for the future. This Engagement Strategy describes the regulatory process in plain English and demonstrates how we will place our customers at the forefront of considering our approach to these future challenges, delivering our core services reliably, their costs and how decisions will be made.

I invite you to have your say and join us on the journey.

**Andrew George**

Chief Executive Officer, WaterNSW

# Contents

Purpose of this document	5
Focusing on what matters most to our customers and community	6
Our strategic priorities	7
Where we work	8
How is water delivered to communities?	9
How we work with other agencies to deliver water to NSW	10
What is good engagement?	11
The process to review customer prices	12
Our 2023/2024 engagement journey at a glance	13
Engagement advice from our Customer Advisory Groups	14
Who will we engage?	15
The customer and community engagement tools we will use	16
Was this good engagement? (Evaluation)	17
Appendices	18



## Purpose of this document

WaterNSW will be submitting its 2025 Pricing Proposal to the Independent Pricing and Regulatory Tribunal (IPART) towards the end of 2024.

IPART sets the maximum prices for farmers, irrigators, industrial users and town water suppliers for water supplied by WaterNSW. These prices are set for each river valley in NSW – recognising the different needs and requirements that each river valley has.

The process to set these prices first requires us to submit a Pricing Proposal for IPART's review and determination. The Pricing Proposal, which outlines our estimates and the revenue required to deliver water to the community, is informed by:

- Customer and community consultation, and
- Technical and economic assessment

WaterNSW continues to place its customers at the front of decision-making. We want to understand the services that customers value and customers' varied and sometimes changing needs, in order to better respond to the challenges you face as a water user and customer.

The purpose of this document is to outline the Pricing Proposal process underway, and our planned community and customer engagement.

### In this document we:

- Summarise the insights our customers have shared to date and explain how we will build on these as we prepare our Proposal.
- Lay out our engagement approach – how we will engage, who with, and topics of most interest to you.
- Detail how we will evaluate our engagements and how customers can also evaluate our work.
- Explain the role and remit of WaterNSW.
- Introduce the regulator - IPART - and what they require as part of a Pricing Proposal.
- Outline the priorities that underpin our customer and community consultations.



### Please have your say!

To find out how you can have your say in the Pricing Proposal process, please visit our website: [waterNSW.com.au/ipart](https://waterNSW.com.au/ipart)



# Focusing on what matters most to our customers and community

## What is the 2025 Pricing Proposal to IPART?

This Engagement Strategy has been prepared to guide and support the consultation for WaterNSW's Pricing Proposal submission to the Independent Pricing and Regulatory Tribunal (IPART) in 2024, for the period 2025-30.

A Pricing Proposal is a document submitted to IPART that sets out how we propose to deliver our essential services, meet operating licence conditions, and deliver on agreed customer outcomes.

IPART's regulatory framework is centred around customer value. This enables water businesses to focus on efficiently providing services that customers value.

IPART assesses these pricing proposals using the '3Cs' Framework:

- **Customer value:** services and expenditure
- **Costs:** transparent, prudent and efficient costs
- **Credibility:** assurance that a Proposal is deliverable and can continuously improve

*IPART's detailed guiding principles are outlined in Appendix A.*

This Strategy meets our commitment to be guided by our customers in all that we do.

As we prepare this document, we are in the early stages of our consultation and planning for this regulatory process.

Our customers have told us quite a lot over the last three years on their aspirations for water management.

## IPART's requirements for this Engagement Plan

IPART expects engagement plans to demonstrate:	Where we have addressed this
Characteristics of good practice customer research and engagement with opportunities for a representative set of all the business's customers to participate in developing its business' pricing proposal.	Pages 13-15
How customers will have the opportunity to challenge the business' performance, plans and long-term delivery strategies.	Pages 17-18
How it will ensure the effectiveness and quality of its customer engagement.	Pages 11 and 19

This document is a live resource. We will update it as needed to reflect the conversations we have with our customers, communities and industry stakeholders.





# Our strategic priorities

At WaterNSW, our purpose is customer focused: **Water, delivered when and where it matters.**

Our vision is to support the resilience of NSW communities through our leadership in delivering water services, for generations to come.

We have five strategic priorities to help us deliver for our customers and realise our vision. Each reflect what is important to our stakeholders, communities and customers.



# Where we work

With 40 dams across the State, WaterNSW supplies two-thirds of the water used by regional towns, irrigators, Sydney Water Corporation and local water utilities.

We own and operate the largest surface and groundwater monitoring network in the southern hemisphere; we build, maintain and operate essential infrastructure.

**We provide services to around 41,000 licence and approval holders across 13 rural river valleys in NSW and Greater Sydney.**

We are responsible for delivering environmental flows on regulated rivers. **Our customers across these locations are largely comprised of:**

- Private irrigators and irrigation companies

- Environmental water holders, and
- Local councils

Each valley is a water management area and has a water source. The map below shows all valley locations across the state.

We are committed to improving our engagement with First Nations peoples across all aspects of our operations and projects, including this Pricing Proposal. You can read a copy of the WaterNSW Reconciliation Action Plan at

<https://www.watarnsw.com.au/about-us/our-business/first-nations-programs>



## Did you know?

Rivers and water sources in NSW are categorised as regulated or unregulated. A regulated water source is where water can be stored in dams or inline storage weirs and consequently river flow rates and levels can be controlled or regulated. In contrast, an unregulated water source refers to water sources that are not regulated rivers or groundwater sources.



# How is water delivered to communities?

WaterNSW supplies two-thirds of the water used by regional towns, irrigators, Sydney Water Corporation and local water utilities. We own and operate the largest surface and groundwater monitoring network in the southern hemisphere. We build, maintain and operate essential infrastructure.

WaterNSW is one of several agencies tasked with delivering water to NSW using regulated rivers. Each group must ensure water is delivered within the rules set by the Australian and NSW Governments.

## Policy – the water rules

**The NSW Department of Planning & Environment (DPE-Water)** is responsible for planning, policy development and regulatory frameworks and determining licensing and approval applications for Government users.

## NSW Water management

Water management activities in NSW are governed by two statutory bodies:

- **The Murray–Darling Basin Authority (MDBA)** – Federal agency
- **The NSW Water Administration Ministerial Corporation (WAMC)** – State agency

## Service provision – implement the rules

**WaterNSW.** We implement the rules set by the NSW Government. WaterNSW is responsible for supplying the state's bulk water needs, operating the state's river systems and the bulk water supply system for Greater Sydney. We provide additional customer services including water licensing and approvals, water allocation trades, water licence trades and water resource information.

## Compliance

**The Natural Resource Access Regulator (NRAR).** This agency is responsible for compliance with and enforcement of the regulatory framework for water.

## Regulation

WaterNSW's prices are regulated and set by:

- **The NSW Independent Pricing and Regulatory Tribunal (IPART)**

WaterNSW's activities are guided and regulated by

- **NSW Health**
- **The NSW and Commonwealth Environment Protection Authority**

## Delivery and management of water and sewerage

**Local water utilities** are responsible for providing water supply and sewerage services to customers. They can include local government councils and state-owned corporations such as Sydney Water and Hunter Water.

## Management of environmental water

**NSW Office of the Environment and Heritage (OEH).** Manages environmental water (water that is managed specifically to improve the health of rivers, wetlands and floodplains).

**Commonwealth Environmental Water Holder (CEWH).** Manages the Australian Government's environmental water holdings so as to protect or restore environmental assets.

# How we work with other agencies to deliver water in NSW



## State-owned corporation

Responsible for supplying the state's bulk water needs, operating the state's river systems and the bulk water supply system for Greater Sydney and providing services to its customers with respect to licensing and approvals, water allocation trades, water licence trades and water resources information.

## Department of Planning and Environment - Environment and Heritage Group Government Agency

Manage environmental water within NSW.

## Natural Resources Access Regulator (NRAR)

### Independent Regulator

Responsible for compliance with and enforcement of the regulatory framework for water, and determining licencing and approval applications and renewals for some users.

## Independent Pricing and regulatory Tribunal (IPART) Independent Tribunal

Sets prices for bulk water and administers WaterNSW operating licence.

## Department of Planning and Environment - Water (DPE Water)

### Government Agency

Responsible for planning, policy development, and regulatory frameworks for regional water in NSW.





# What is good engagement?

WaterNSW is reaching out to a wide array of customers, stakeholder groups and community for conversations. We know some of our 41,000 customers will be vitally interested and others less so. We are working to develop deeper and more meaningful relationships with our customers and community. Understanding and consulting on what matters most to these groups allows us to achieve this aim.

We want to give people an opportunity to:

- **Receive information**
- **Provide feedback**
- **Participate in discussions on the 13 pricing proposals for regulated rivers and Greater Sydney.**

## What does good engagement look like to IPART?

IPART has six principles for good engagement:

1. Meaningful and sincere engagement
2. Diverse and inclusive engagement that is accessible and tailored to the customer base
3. Balance customer, and environmental needs
4. Relevant, timely, and appropriate
5. Transparent and accountable
6. Representative, reliable, and valid design

*Please see Appendix A and B for a more detailed look at our guiding engagement principles and industry standards.*

## Our focus principles for this engagement

Using the 3Cs Framework, IPART asks utilities to nominate their six focus principles for the Pricing Proposal.

Using what we know so far about our customer's priorities, we have nominated the below as our focus principles for the 2025-2030 Pricing Proposal. As we speak with our customers and community this year, these principles may change. This is a live document and will be updated to reflect customer conversations.

### Customer principles

1. Customer-centric services and expenditure
2. Reflects customer engagement feedback
3. Promotes better customer outcomes

### Cost principles

4. Robust costs
5. Equitable and efficient cost recovery

### Credibility principles

6. Demonstrates continuous improvement

# The process to review customer prices

We will submit one Pricing Proposal that includes separate price assessments for 13 rural river valleys, Greater Sydney and Groundwater, under Water Administration Ministerial Corporation (WAMC).

The steps for the 2025-2030 Pricing Proposal are below.

1

## **WaterNSW engages with customers and stakeholders**

WaterNSW holds ongoing pricing discussions with customers and stakeholders to identify customer priorities and views on best practice engagement.

2

## **In 2024 WaterNSW submits their draft pricing proposal**

This is normally submitted around 18 months after engagement begins.

3

## **IPART applies two tests to a pricing proposal**

- Test #1 asks if the costs are prudent.
- Test #2 asks if the costs are efficient.

4

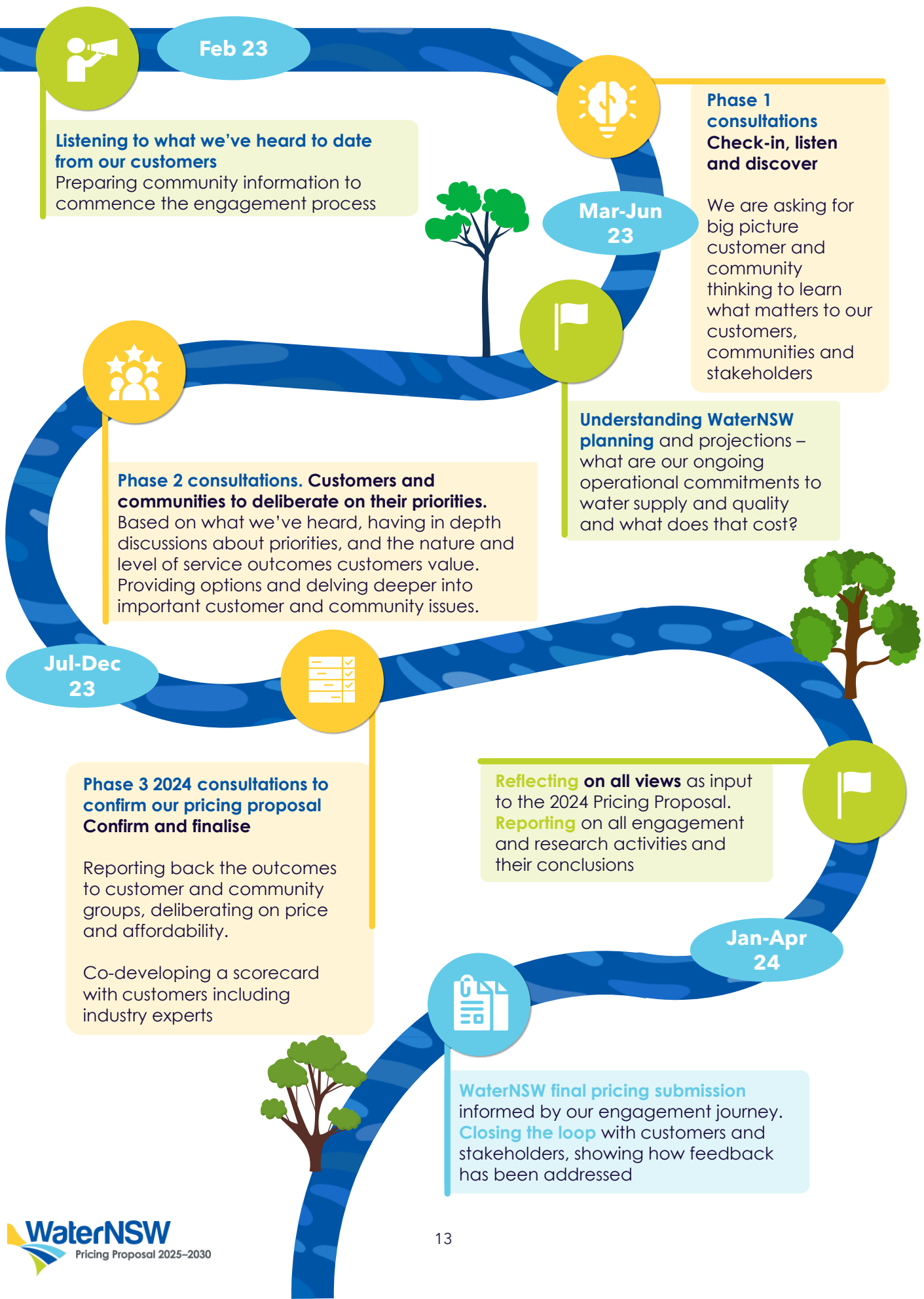
**IPART issues their draft findings** and asks for customer and community submissions on these.

5

**IPART determines the prices for each river valley** for the next five years and provides a detailed explanation of this in a report. For the previous determination [see here](#).



# Our 2023/2024 engagement journey at a glance



# Engagement advice from our Customer Advisory Groups

Early conversations with our 12 Customer Advisory Groups (CAGs) raised a number of considerations to our process that are important to our conversations over the next year.

Our CAGs have longstanding relationships with WaterNSW and understand local needs and issues when it comes to water generally and when operating a water dependent business. They have asked us to keep the below in mind when engaging with them and other customers.

## When talking with our customers and asking for their input we should

- Clearly explain their role and level of influence in the proposals that are part of the WaterNSW submission.
- Ensure we allow time to build up the knowledge of customers who may not be across all the issues we want to engage on. Capacity building is important in order to gather accurate feedback from our customers.
- Always provide the option to have face-to-face discussions. A lot of customers are time poor with limited availability to complete online activities. We should come to them.
- Ensure customers are aware that they can provide feedback directly to IPART via a submission.

## When talking about customer prices we should

- Acknowledge the disparity between large and small water users around the issues of affordability and vulnerability. Larger customers may be able to afford a price increase and consulting only with these groups may skew the consultation results. In saying this, larger customers have also expressed concerns about affordability. The increasing cost of living and business is affecting all.
- Segment customer and community feedback on prices by regulated valley and by customer size and type.
- Provide the bill impacts of the proposals being discussed. Customers should understand the financial implications before communicating their preferences.
- Customers are also interested in how the Murray Darling Basin Authority examines their fees and customer affordability. This is not within WaterNSW's remit to provide information on, but we should listen and note this feedback.
- Provide the cost rationale for our submission, including risk analysis, detailed cost recovery information and administrative costs. How have our costs been calculated?

### About our CAGs

Customer Advisory Groups (CAG) are a forum for WaterNSW to regularly consult with a broad cross section of our customers across all 13 valleys and Greater Sydney. CAG membership includes customers from the regulated and unregulated streams, groundwater irrigators, stock and domestic water users, major water utilities, local water utilities, local government, environmental water users and Indigenous Australian water users.



# Who will we engage?

Our customers and stakeholders are located across wide geographic distances. They include all those who interact with our dams, storages and river operations which could be stakeholders, local communities, and customers – big and small.

Customers use water in different ways and in different volumes. Everyone can contribute to the discussion about the priorities and outcomes that matter most to them. This will ensure we continue to deliver value for the communities we serve.

Below is a snapshot of our customers and stakeholders. Some may fall into more than one category.



## Customers

*Customers can be small or large water users. They can depend on water partially or wholly for their operations.*

## WaterNSW

- Commercial users of regulated rivers
- Rural Valley Customers
- Water authorities (such as Sydney Water)
- Local Councils

## Other water agencies

- Commercial users of groundwater (WAMC Customers)
- Commercial users of dams



## First Nations communities

- Local Aboriginal Land Councils
- Aboriginal water holders
- Native Title Bodies
- Elders across the 13 valleys



## Peak groups whose members rely on water

- This includes groups that represent agriculture, industry, community consumption or recreation activities



## Government

- Local councils across NSW
- State Government agencies or state-owned corporations
- State Members of Parliament
- Federal Government agencies
- Federal Members of Parliament
- Water regulators (State and Federal)
- Water related organisations, for example Bureau of Meteorology, Snowy Hydro Limited (owned by the Australian Government), The NSW Energy and Water Ombudsman



## Interested stakeholders and community

- People who use our dams/ivers for recreational purposes
- People who work in agriculture, industry and other water licence holders
- Community groups and organisations focusing on specific issues
- Environmental groups
- The media



## WaterNSW internal or business delivery stakeholders

- WaterNSW Board
- WaterNSW Staff
- Corporate partners
- Contractors and suppliers

# The customer and community engagement tools we will use..

Customers want to communicate with us in different ways. Our engagement activities will provide a mix of online and in-person feedback and encourage everyone interested to participate. All of these activities take place in each phase shown on page 13.

## ...to provide information.



- **'Have your say' website** with clear information for readers to provide input and to see the input being provided by others
- **Advertisements** (print and digital) to create awareness of the consultations
- **Direct emails** to WaterNSW customers (**we ask anyone interested to register their email on the website**)
- **Newsletters** to WaterNSW customers
- A **postcard for WaterNSW fieldwork** with contact information and how to get involved in this process
- **Media information**

## ...to have in-depth conversations.



- Working sessions with WaterNSW's existing **Customer Advisory Groups**
- Reaching out to a wide array of peak stakeholder groups for conversations
- Establishing **four Regulatory Pricing Proposal Sub Committees** and holding regular working sessions
- Engaging early with **First Nations communities** and representatives as advised by the WaterNSW RAP Committee
- **Print and digital surveys** to gauge customer preferences
- Attending **field days, site tours and community meetings** to talk with our communities and customers
- **Deliberations with critical groups across NSW** – councils, large water users and small to medium sized water users
- Discussing **price implications with customers and stakeholders**

**Early conversations with our CAGs helped to confirm the tools and activities we selected. They also suggested that when engaging with them and their networks:**

- Correspondence with wider customer networks should include the relevant CAG chair – helpful to secure customer interest.
- WaterNSW should attend as many local group meeting as possible.
- Communication with customers and multiple feedback loops is timely.
- Field days and site tours could be used as educational tools. Alternatively, video explainers from WaterNSW could be added to the website to explain more complex concepts.
- Online information must be suited to easy reading on the go and downloading in areas of poor internet connection.



## Was this good engagement? (Evaluation)

We need to understand from our customers: what are the services, products and prices you value and need.

Our engagement process must suit the content and circumstances facing the business and its customers.

This Plan is mindful of how customers have told us they want and need to be engaged. Throughout our engagement with customers and communities on the Pricing Proposal, we will:

- **Engage genuinely.** Participants should be able to speak freely and comfortably.
- **Be open-minded and collaborative** and think about solutions together.
- **Provide clear information** in an accessible and timely manner.
- **Respect sensitive and confidential information.**

(IPART Handbook)

During our engagements, we will evaluate ourselves against the above and also against:

- our strategic priorities

- IPART's principles for good engagement with customers (Section 3 of the Handbook).

### **We will ask our customers to do the same.**

Customer feedback will help us improve our engagement process and activities as needed, so that the final Pricing Proposal is a product of collaboration and is reflective of customer priorities.

### **We will:**

- Establish two-way communication channels for each engagement activity where feedback on our performance is directly sought from participants and informs our submission to IPART
- Set up direct contact channels and make these available to all participants
- Record conversations and feedback in a CRM system
- Establish feedback loops throughout the engagement to update participants on how their feedback has been actioned
- Document and report all engagement activities including tracking the number of people consulted and the topics discussed.



### **Please have your say**

To find out how you can have your say in the Pricing Proposal process, please visit our website: [waternsw.com.au/ipart](http://waternsw.com.au/ipart)



# Appendices



# A. The Independent Pricing and Regulatory Tribunal guiding principles

There are 12 guiding principles under IPART's 3C's framework for developing and submitting pricing proposals. These principles are used by IPART to assess proposals on a scale of leading, advanced, standard, and sub-standard, and are used to make any necessary revenue adjustments. WaterNSW is aiming for a 'standard' achievement, conscious of customer expectations and cost sensitivities.

WaterNSW uses this framework to demonstrate that our Pricing Proposal promotes customer value and meets their long-term needs and expectations.

Principles should be in line with customer priorities. Discussions with customers in the early stages of engagement will help us identify our focus principles.

Customer	
<b>1. Customer-centric services and expenditure</b>	Better customer service delivery and responsiveness + put customers at the heart of decision making
<b>2. Reflects customer engagement feedback</b>	Collaborate with stakeholders, customers and community to improve water outcomes
<b>3. Promotes better customer outcomes</b>	Understand and maximise value of water for customers
<b>4. Meets broader community needs</b>	Proactive, two-way customer, community and stakeholder engagement + Easy to communicate and do business with + Deliver reconciliation action plan
<b>5. Supports environmental sustainability</b>	Evolve strategic partnerships to manage sustainable, secure and healthy water resources + Adopt ESG that aligns with UN Sustainable Development Goals + Reduce waste and increase reuse
<b>6. Promotes choice of services</b>	Fair and transparent prices
Costs	
<b>7. Robust costs</b>	Digital solutions, to streamline, automate and digitise much of operations to help uplift capabilities, enable efficiencies and respond to needs of customers and stakeholders
<b>8. Balance of risk and long-term performance</b>	Whole-of-system asset management to benefit customers and communities
<b>9. Commitment to improve value</b>	Fair and transparent prices
<b>10. Equitable and efficient cost recovery</b>	Ensure we are more efficient with our costs and expenditure
Credibility	
<b>11. Business is delivering</b>	Work with NSW Gov and water agencies to achieve and sustain regional prosperity, improve water resilience and water quality
<b>12. Demonstrates continuous improvement</b>	Innovate to provide thoughtful leadership and better practice




## B. International Association of Public Participation – we use a best practice engagement framework

Best practice community engagement is established by the International Association of Public Participation (IAP2). The IAP2 Spectrum of Public Participation is shown below. It helps with the selection of the **level of participation that defines the public's role in any community engagement program**.

The spectrum shows that different levels of participation depend on the **goals, time frame, resources and levels of concern in the decision to be made**. Most importantly, the spectrum sets out the promise being made to the public at each level of participation.

Across our 41,000 customers there are varying expectations and preferences to be engaged in driving the WaterNSW regulated valleys investment plans. Customer engagement on the Price Proposals ranges from information to collaboration.

Increasing impact on the decision 					
	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Our engagement is underpinned by the following IAP2 core values:

- A belief that those who are affected by a decision have a right to be involved in the decision-making process.
- Includes the promise that the public's contribution will influence the decision.
- Promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.
- Seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
- Seeks input from participants in designing how they participate.
- Provides participants with the information they need to participate in a meaningful way.
- Communicates to participants how their input affected the decision.



## Contact us

T: 1300 662 077

E: [engagement@waterNSW.com.au](mailto:engagement@waterNSW.com.au)

W: [waterNSW.com.au/ipart](http://waterNSW.com.au/ipart)