Response to Recommendations

TARIFFS

1. The fairest balance between fixed and variable costs on bills needs to take many factors into account. What should North East Water prioritise when setting its tariffs?

Your recommendation	What we heard	What we propose to do
1. We support the extra cost for hardship. Proposed hardship increase is implemented.	The deliberative forum believes supporting customers who are experiencing financial difficulties is important and want to see us increase this support over the next five years.	**Outcome: Fair Prices** We will implement your recommendation in full. See our detailed response in recommendation 3.3.
2. We support raising fixed tariffs and decreasing variable tariffs to: ensure water security in the face of greater climate volatility, renewal and replacement of infrastructure, and ensuring that the increase considers the needs of all customers including renters, large families and the vulnerable.	The deliberative forum considered the needs of our vulnerable customers who are most impacted by the current tariff structure. They believe a rebalance will support those customers who need it the most. They also believe that increasing the fixed and reducing the variable tariffs will provide greater revenue certainty in the face of an increasingly variable climate, which can result in material demand fluctuations in our region.	**Outcome: Fair Prices** We will implement your recommendation in full. We will rebalance our existing fixed and volumetric charge. The total amount of money we collect will not change. We will propose in our draft submission to reduce the volumetric charge for water by 3% each year resulting in a 15% reduction by year 5. At the same time we will increase the fixed charges for water and wastewater by 3% each year resulting in a 15% increase by year 5. This transition will ensure we are smoothing the price path to avoid bill shock for our customers. This is subject to approval from our Board on 24 June 2025.

Response to Recommendations

2. How should North East Water address the fact that some customers/ towns cost more to service than others?

Your recommendation	What we heard	What we propose to do
1. Maintain 3-tier water tariff structure as is.	The deliberative forum supports larger towns continuing to subsidise smaller towns via the 3-tier water tariff structure to ensure small communities are not disadvantaged. This is similar to what we heard in earlier engagements.	**Outcome: Fair Prices** We will implement your recommendation in full. North East Water will maintain its existing 3-tier water tariff structure.
2. Maintain wastewater tariff structure as is.	The deliberative forum supported larger towns continuing to subsidise smaller towns via the x-tier wastewater tariff structure, to ensure small communities are not disadvantaged.	**Outcome: Fair Prices** We will implement your recommendation in full. North East Water will maintain the existing wastewater tariff structure.
3. More transparency from North East Water regarding different tariffs for different areas e.g. in the form of a pie chart on the bill and listed on the website with clear links.	Whilst the deliberative forum believes larger towns should continue to subsidise smaller towns, they also want to see the tariff structure clearly communicated so our customers are aware of the subsidization and why it exists.	**Outcome: Fair Prices** We will implement your recommendation in full. North East Water will investigate ways to communicate the different tariffs structures, including information on our bills and website.

Response to Recommendations

3. We are looking at an appropriate level of support to help our customers experiencing financial difficulty or family violence. What should North East consider when providing support to its customers?

Your recommendation	What we heard	What we propose to do
1. Implement the use of technology such as e-meters to assist customers in managing and reducing their use before they need access to the customer support program.	The deliberative forum would like to see the implementation of technology that will help customers to manage their water usage and have more control over their water bill, effectively reducing the need to access the customer support program.	**Outcome: Fair Prices** We will implement your recommendation in full. Management has developed a prudent approach to delivering e-meters for our customers over the next price period. We propose to install 14,000 devices across our network, approximately 25% of our customers. This will be at a cost of approximately $2.7m CAPEX and a subsequent $0.5m OPEX over the five year period to support the ongoing maintenance and connectivity of these devices. The savings from the reduced physical meter reads are approximately $144,000 over the five years.
2. Continued support and education should be provided for customers in accessing the customer support services provided by North East Water, through relevant and future-identified channels.	The deliberative forum believes that communication and education around our customer support program, including how to reduce water bills and how to access assistance through the program, is important.	**Outcome: Fair Prices** We will implement your recommendation in full. We will increase our communication and education of our customer support program. Our Customer Care Fair Practice Plan, developed following extensive engagement with support agencies and customers with lived experience of hardship, focuses strongly on communication, engagement and education provision to our community. The implementation of this plan will take place over the next regulatory period and will achieve this recommendation. We will monitor its success through surveying our customers, the results of which will inform the two measurable outputs on the next page.

Response to Recommendations

Your recommendation	What we heard	What we propose to do
		Outputs: Percentage of customers in the support program who report they agree or strongly agree the program has helped them with payment difficulties (target ≥80%). Percentage of customers surveyed who are aware of our customer support program (target increasing from 81% to 85% over the five year period).
3. Additional funding towards the customer support program at approximately double the current capacity should be factored into costs and should be included with the breakdown of the bill.	Our customers and communities believe supporting people who are experiencing financial difficulties is important, and want to see us increase this support over the next five years.	**Outcome: Fair Prices** We will implement your recommendation in full. We will increase the funding available for our hardship program from $200,000 to $400,000 per year. Our new Customer Care Fair Practice Plan will guide how we use these funds to help customers. The estimated bill impact is an increase of approx. $3.49 per connection per year based on 57,296 connections (approx. $17.45 over 5 years). We will also investigate ways to communicate this on our bills.