

17 August 2006

Mr Jim Cox
CEO and Full Time Member
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Thank you for the opportunity to comment on the draft report "*Investigation into the burden of regulation and improving regulatory efficiency*".

The Energy & Water Ombudsman NSW (EWON) investigates and facilitates resolution of complaints from customers of electricity and natural gas providers in NSW as well as from water customers of Sydney Water, Hunter Water, State Water and Country Energy.

While we are not in a position to comment on all areas raised in the consultation paper, we have provided comments primarily in relation to consumer rights, community service obligations and customer service standards. We have provided these comments from the perspective of EWON's experience as the approved independent dispute resolution mechanism for most NSW energy and water customers. For your convenience, we have used the same numbering and subheadings as appear in the draft report.

5.8.2 Disconnection procedures and customer hardship management

EWON was pleased to take part in the Working Group convened by the Department of Energy, Utilities and Sustainability to consider ways of reducing the number and impact of electricity disconnections in NSW. EWON notes that the Working Group submitted its final report to the former Minister for Utilities in February 2006 and that Minister Tripodi has recently announced that the NSW Government has accepted the recommendations of the Working Group and that these will be implemented from October 2006. We look forward to the positive outcomes that are expected to result from these initiatives.

We note that each of the three state-owned electricity networks and some of the larger retailers now operate customer hardship programs. This has been a very welcome development, resulting in greater assistance to customers in financial difficulties, improved customer relationships, and reduced credit management / debt recovery

action and costs. We would recommend the advantages of such programs to all other retailers and to NSW water suppliers. EWON welcomes any steps the Government and regulators may consider taking to promote such initiatives as it is important that consumers in financial hardship are able to access these programs regardless of which retailer they buy their energy from and which part of the state they live in. This is especially important for those consumers facing disconnection for debt reasons.

5.8.3 Move in-Move out obligations

EWON was one of the participants of this Working Group facilitated by IPART based on our experience of some of the complex issues faced by customers when moving into/away from a new home and opening/closing an electricity or gas account. One of the recommendations made by the Working Group concerns the proposal to allow energy contracts to be established via telemarketing alone – ie. retailers would no longer be required to provide a written copy of the contract terms and conditions to the prospective customer prior to, or at the time of, the customer agreeing to the contract.

Over the last several months EWON has received a significant number of enquiries and complaints from, or on behalf of, vulnerable and elderly consumers regarding misleading conduct by energy marketers. Many of these complaints are made by people who have been signed to a contract via a telemarketing call without access to a copy of the contract terms and conditions. The response of these consumers and their advocates indicates that there is a strong level of concern and confusion in this sector of the community that a retailer could set up a contract with a customer based purely on a conversation that occurred during the course of a telemarketing call or during a door-to-door marketing visit. Nevertheless, we acknowledge that with adequate regulation, consumer protection and appropriate penalties for misconduct, the introduction of verbal contracts need not contribute to an increase in enquiries and complaints. In addition, the recording of telemarketing calls allows a form of accountability that is not currently available in relation to door-to-door sales.

EWON notes that the Final Report of the Working Group, distributed in January 2006, supports the continuation of the ten-day cooling-off period that currently applies to negotiated energy supply contracts. Our experience suggests that any reduction of this ten-day period would lead to consumer disadvantage and increased complaint levels.

EWON supports the recommendation that the Minister for Energy establish timeframes for the implementation of the recommendations of the Move in-Move out Working Group as outlined in the Final Report.

5.27 Water utilities reporting

EWON notes the various reporting requirements for water supply authorities, including Sydney Water, Hunter Water, State Water and Country Water. We support IPART's recommendation that these reporting obligations be streamlined and that duplication is removed from the process. We see this as contributing to the objective

of ensuring consistency of service provision to customers across all NSW water providers.

We would be pleased to discuss these issues further and to provide any additional information required.

If you would like to discuss this matter further, please contact me on 8218 5250, or Damien Sams, Investigations Policy Officer, on 8218 5269.

Yours sincerely

A handwritten signature in cursive script that reads "Clare Petre".

Clare Petre
Energy & Water Ombudsman NSW