

18 April 2008

Sydney Water Price Review 2007  
Independent Pricing and Regulatory Tribunal  
[ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Thank you for the opportunity to comment on the IPART *Review of prices for Sydney Water Corporation's water, sewerage, stormwater and other services: Draft Report and Draft Determination (March 2008)*.

The Energy & Water Ombudsman NSW (EWON) receives, investigates and resolves complaints from customers of electricity and reticulated natural gas providers in NSW, and some water providers - including Sydney Water Corporation.

EWON understands that Sydney Water is undertaking major capital works over the period of this pricing Determination and that they are obliged as part of their funding structure to recover the cost for these works from their customers. EWON acknowledges that the ultimate beneficiaries of these capital works are Sydney Water's customers and that the Auditor General has endorsed the need to undertake this review.

The proposed price increases for residential customers of Sydney Water Corporation are significant (especially during the first and second years of the Determination period when the bulk of the price increases are located). We note that they occur at a time when consumers also face increases in electricity and gas prices, and in the cost of other commodities such as petrol and food, as well as mortgages and rent.

EWON acknowledges Sydney Water's intention to strengthen existing affordability programs for customers as well as introduce some new assistance measures<sup>1</sup> to help minimise the impact of price increases on vulnerable and low income customers. The ongoing and strengthened assistance measures are fully discussed in Sydney Water's submission to IPART.

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<sup>1</sup> *Submission to the Independent Pricing and Regulatory Tribunal of Prices for Sydney Water Corporation, 14 September 2007* ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)), pp 91-97.

We believe these measures are appropriate and consistent with best practice for hardship management for customers in financial difficulty.

We would like to take this opportunity to raise the following matters in the context of this pricing review.

### ***Hardship programs***

EWON supports Sydney Water's position that retrofitting programs should be offered to customers in financial hardship. We also support Sydney Water offering their customers tailored assistance through customer payment assistance / hardship programs. The provision of such assistance programs meets industry best practice standards, and we suggest this should apply equally to water utilities as well as the energy industry<sup>2</sup>.

Customer assistance programs go well beyond the granting of extensions for payment by call centre or credit management staff. They require the establishment and resourcing of specialist staff trained in assessing and addressing the needs of customers in short, medium or long term financial difficulty with payment of their accounts. They require links with community welfare agencies so that customers in need can be referred for a range of financial and other assistance, including financial counselling. Best practice indicates the need for utilities to assist customers to reduce their consumption and costs through advice on water saving, and referral to No Interest Loans Schemes to replace inefficient appliances.

We note that Sydney Water has a strong focus and commitment in these areas. We suggest that Sydney Water might consider further aspects of customer assistance programs, eg incentives such as matched payments after a period of successful payments by a customer on an agreed payment plan.

EWON would like to acknowledge the work of Sydney Water and community welfare agencies in provision and delivery of the Payment Assistance Scheme (PAS) to assist financially vulnerable Sydney Water customers.

### ***Centrepay***

We are pleased to note that Sydney Water now offers Centrepay as a payment option to its customers. If customers in receipt of Centrelink pensions and benefits are able to

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<sup>2</sup> All electricity and gas retailers in NSW are now required by regulation to offer their customers such programs.

make small regular payments through Centrepay, this reduces the financial impact of a large water bill each quarter.

### ***Personal contact prior to restriction/disconnection***

Unlike the regulated requirements for electricity and gas suppliers, the Customer Contracts of both Sydney Water Corporation and Hunter Water Corporation do not require an attempt to contact the customer in person or by telephone prior to restriction or disconnection (telephone contact is optional rather than a requirement). EWON suggests that such a requirement should be included in any revised version of and Sydney Water's *Customer Contract*.

### ***Tenants***

EWON receives a small number of complaints from tenants about the restriction of water to their rental premises or the threat of restriction by Sydney Water. While the number of such complaints is not large, restriction of water supply can have a significant impact on tenants. Under the existing process, tenants can receive as little as seven days notice before restriction can occur without further notice. Given that there can sometimes be considerable difficulty in contacting the agent or owner of a rented property, EWON suggests that it would be appropriate to notify an occupier of a property with a longer time frame between notification and any further action by the supplier than is currently the case.

That said, we acknowledge that Sydney Water is sensitive to this issue for tenants, and in our experience has made appropriate efforts to ensure that tenants are not disadvantaged as a result of the owner/manager of the property not paying water accounts.

Tenants do not have a direct customer relationship with water supply authorities and therefore are not eligible for pensioner rebates. This remains a problem particularly in the context of increasing consumption costs, since the most financially vulnerable pensioners are often those who live in rental accommodation.

### ***Retrofit and NILS***

The retrofit programs and Sydney Water's financial support of No Interest Loans for customers to purchase water-efficient appliances are important initiatives. In the context of increased prices, EWON welcomes their expansion.

***Concluding comments***

It is not appropriate for EWON to comment on the economic aspects of the Draft Report, but we look forward to continuing to work positively with Sydney Water Corporation on customer issues referred to in this submission.

If you would like to discuss this matter further, please contact me on 8218 5204 or Mr Chris Dodds, Policy Officer on 82185250.

Yours sincerely



**Clare Petre**  
**Energy & Water Ombudsman NSW**