

11 November 2008

Hunter Water Price Review
Independent Pricing and Regulatory Tribunal
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Thank you for the opportunity to comment on the IPART *Review of prices for water, sewerage, stormwater and recycled water services for Hunter Water Corporation from July 2009. Issues Paper (July 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 Hunter Water Corporation.

EWON understands that Hunter 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 Hunter Water's customers.

The proposed price increases for residential customers of Hunter Water are significant. A 54% increase over the determination period (with a 29% increase in the first year) will have an impact on customers, especially those on fixed incomes and those affected by financial hardship. We note that these increases occur at a time when consumers also face increases in electricity and gas prices, and increases in the cost of other commodities such as food and rent.

EWON acknowledges Hunter Water's intention to strengthen existing affordability programs for customers as well as introduce some new assistance measures¹ to help minimise the impact of price increases on disadvantaged and low income customers. The ongoing and strengthened assistance measures are fully discussed in Hunter Water's submission to IPART.

¹ HWC Submission to IPART on prices to apply from 1 July 2009 (Revised) *October 2008* (www.ipart.nsw.gov.au), pp 114-117.

We believe that on the whole Hunter Water's hardship measures are appropriate and consistent with best practice management of customers in financial difficulty.

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

1 Residential Customers

EWON welcomes the aim of Hunter Water "*to help customers identify solutions*"² where payment of bills becomes difficult, and the suggested initiatives are positive. In particular, it is critical that both customers and community agencies have information and access to the Hunter Water support programs. The proposal to supplement the dedicated e-mail address with a dedicated phone number is a very positive step. The commitment to upgrade the information on the Hunter Water website about the community agencies that provide PAS and other support is also welcome.

The proposals around staff training (i.e. to enhance awareness and understanding of hardship and to promote a range of payment options) follow industry best practice in the area of hardship management and are strongly supported by EWON.

EWON would welcome a review of the PAS agency locations to ensure that the customers who most require this assistance can access it. We also support the proposed extension of the re-washing service to non-pension customers who participate in the PAS system.

We would like to offer the following issues for your consideration.

Given that people in the private rental market can face considerable financial hardship, EWON supports the extension of PAS to tenants. Sydney Water's payment assistance scheme is available to tenants and we would encourage Hunter Water to give further consideration to this option. Sydney Water has also indicated that various water saving programs and other initiatives are being extended to tenants.

EWON would again encourage Hunter Water to reconsider the decision not to offer Centrepay. Given the particular demographics of the Hunter Region (e.g. an aging population) we believe that this payment option would be of considerable benefit for many Hunter Water customers.

² Ibid P114

*“The 2006 Census data shows that 15.8 per cent of Newcastle residents were above 65 years of age compared to 13.3 per cent nationally. Also, median weekly household income in Newcastle was \$885 compared to \$1027 nationally”.*³

Hunter Water identified a low take-up of Centrepay by Sydney Water customers as a reason not to offer this payment option. EWON suggests that this is a new initiative for Sydney Water and early figures are not a basis for rejecting the program. All other utilities, and some telecommunication companies, provide this service to customers. Direct debit is not an alternative to Centrepay because with direct debit the customer can incur significant bank fees if there are insufficient funds in the account or a larger than expected amount is debited. Centrepay allows customers to pay a small regular amount within their budget. Utilities that offer Centrepay have confirmed the benefits to them as well as their customers, eg increased cash flow and reduced debt collection activities.

Hunter Water has indicated to EWON that they are investigating their water restriction policy for tenants. We welcome such a review. At the very least, if restriction is to be retained as an option, EWON believes that the notification period of an impending restriction needs to be lengthened, so that a tenant has the necessary time to negotiate with the owner or agent of their property.

2 Pensioner Rebates

We recognise that the pensioner rebate is a matter of Government policy. EWON notes that the Hunter Water rebate has not increased despite the significant increase in consumer costs. EWON also notes that this rebate is significantly less than the Sydney Water rebate. As part of this review EWON believes that IPART should encourage a reconsideration of the value of the current pensioner rebate amount.

EWON remains concerned that tenants are not eligible for the pensioner rebate on their water charges because they do not have a water account. This remains an issue particularly in the context of increasing consumption costs, since the most financially vulnerable pensioners are often those who live in private rental accommodation.

Furthermore, rebates are limited to holders of Pension Concession Cards (and some Department of Veteran Affairs card holders); this excludes many people

³ The paradigm shift in economic policy Professor Bill Mitchell Director, CoffEE

<http://e1.newcastle.edu.au/coffee/index.cfm> October 16, 2008



receiving Government income support. We note the NSW Government's commitment, in their response to the Unsworth Committee, to index the Energy Rebate and extend it to some Health Care Card holders. Such an approach by the water authorities would be welcomed.

3 Kidney Dialysis Customers, Nursing Homes and Service Charge Relief

EWON welcomes Hunter Water's ongoing commitment in these areas. However we note that Sydney Water provides a significantly higher free water allowance of 100 kilolitres every three months, compared to Hunter Water's allowance of 125 kilolitres per annum. To achieve consistency between similar major water providers, Hunter Water may wish to review this allowance.

4 Other Matters

Sydney Water provides financial support to the No Interest Loans scheme for customers to purchase water-efficient appliances. This is an important initiative. In the context of increased prices, EWON would welcome Hunter Water's consideration of a similar program in the Hunter Valley.

5 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 Hunter 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