



15 February 2023

Ms Carmel Donnelly
Chair
Water Regulation Review
Independent Pricing and Regulatory Tribunal
PO Box J35
Haymarket Post Shop 1240

Dear Carmel

IPART Water regulation Draft Handbook

Thank you for the opportunity to comment on the Water regulation Draft Handbook.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities and we have only responded to parts that align with issues customers raise with EWON, or with our organisation's operations as they relate to this regulatory review.

If you would like to discuss this matter further, please contact Rory Campbell, Manager Policy & Systemic Issues, on (02) 8218 5266.

Yours sincerely

A handwritten signature in black ink that reads "Janine Young".

Janine Young
Ombudsman
Energy & Water Ombudsman NSW

IPART Water regulation: Draft Handbook

EWON supports IPART's new water Regulatory Framework, aimed at furthering the long-term interests of customers, through promotion of increased customer engagement and influencing the way businesses deliver services and how services are regulated. In particular we strongly support increased customer engagement and focus on outcomes that are genuinely for the benefit of the customer.

Overall IPART's draft handbook emphasises the benefits of focusing on customers, cost and credibility (the 3Cs) and the 12 supporting guiding principles provide clear structure to assist water businesses in drafting their pricing proposals. Through establishment of their own benchmarks, water businesses will set a fundamental foundation for their pricing proposals that are inherently understood by the business, and therefore even more likely to succeed.

Community engagement

We strongly support the shift in the water Regulatory Framework to include all consumers (direct customers and non-direct customers ie tenants). In particular we welcome the definition of a customer being broadened to include direct bill payers and other users of the service. The change is consistent with other utilities and will contribute to building a framework that embeds customer centricity across the water sector, including cultures that strongly support consumer protections for consumers experiencing, or at risk of experiencing, vulnerability.

We support that all future pricing proposals will include a customer engagement strategy that sets out how customers are consulted on business plans, and further, that more advanced proposals must show that customers had significant influence in the proposal.

The Draft Handbook provides clear guidance to water businesses on IPART's expectations under the new framework, and a clear outline of how each rating can be achieved. However, as noted in our submission to IPART's Draft Water Regulatory Framework¹, EWON is uniquely positioned to provide support to its water members via our direct participation in their community engagement activities.

Through our significant community outreach program that engages with consumers and stakeholders across NSW and direct contact with a considerable number of consumers through our dispute resolution work, EWON is able to encourage customer participation with this new framework. Further, EWON can provide insightful feedback to water members, gained through our water focused dispute resolution, customer engagement and systemic issue analysis and reporting.

We welcome the opportunity to work with water members as they work through the process of redeveloping their consumer engagement strategies and via networking with stakeholders. We would welcome IPART's encouragement to water businesses to take up our offer.

Customer consultation groups

We acknowledge IPART's decision to be un-prescriptive about how community engagement should occur and note that it has not specifically made reference to customer consultation/advisory groups in the Regulatory Framework or Draft Handbook. There are considerable insights to be gained by water businesses if they elected to take on a similar approach to that taken by NSW electricity and gas network businesses over the past five years, ie sophisticated Customer Reference Groups (CRG)

¹ [EWON submission - IPART Draft Water Regulatory Framework - August 2022.pdf](#)



/ Consultative Councils (CC) formed to underpin energy network pricing proposals to the Australian Energy Regulator. The knowledge and insights that well-formed, diverse CRG/CCs provide via these forums is often the foundation of highlighting concerns or issues that may arise from new regulation when applied in practice. These forums provide a voice for consumer groups that may not be uncovered through businesses direct customer engagement. Further, and perhaps most importantly, proposals developed in conjunction with effective CRG/CCs are more likely to receive first time approval rather than having to be re-developed for further regulatory consideration.

EWON continues to recommend that IPART consider suggesting that water providers develop CRG/CCs comprising industry stakeholders and consumer representatives as this will contribute to better customer outcomes, promote collaboration and engagement and increased customer trust in the water sector.

Enquiries

Enquiries about this submission should be directed to Rory Campbell, Manager Policy and Systemic Issues, on (02) 8218 5266.