



20 August 2014

Review of the Operating Licence for Sydney Water Corporation
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Thank you for the opportunity to comment on IPART's *Review of the Operating Licence for Sydney Water Corporation: Water Licensing – Issues Paper June 2014*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Our submission will focus on the changes proposed in Sydney Water's submission¹ to the Review.

Common customer protections

EWON supports Sydney Water's recommendation for IPART to consider 'what consumer protections need to be mandated by Government in customer contracts and whether these need to be ensured equally for consumers of all water and wastewater utilities'.² We note that customer protection standards vary across water service providers. Unlike the protections available under the *National Energy Consumer Framework* (NECF) that apply to all authorised energy providers, there is a lack of common customer protections applicable to the water industry as a whole. We believe there is a need for consistency in customer protection to ensure an appropriate safety net for all water customers as the industry becomes more competitive. Also, EWON supports consistent protections for customers of energy and water industries.

¹ Sydney Water, *Review of the Operating Licence for Sydney Water: Submission to IPART's Water Licensing Issue Paper*, 30 July 2014 ('Sydney Water's submission').

² Sydney Water's submission, p74.



Financial hardship provisions

EWON acknowledges Sydney Water for their customer assistance program and options for customers experiencing financial hardship. From EWON's experience, Sydney Water's hardship program appears to be operating effectively and demonstrates good industry practice through its tailored customer case management approach, payment assistance scheme and engagement with community welfare agencies.

Proposed changes to billing information

EWON notes that Sydney Water is seeking to remove from the Customer Contract prescriptive requirements around the information to be included on bills. We also note Sydney Water's commitment to providing their customers with all the necessary details they need to pay their bill and to provide an adequate level of detail that is easy for customers to understand.³

EWON supports clear and simple information for customers on bills, as the inclusion of too much information can result in bills being too complex for customers to read or understand.

We note that energy providers are required to include on bills a list of items⁴ similar to those listed in clause 4.4.2 of Sydney Water's Customer Contract. The issue of complexity has also been raised in relation to energy bills, and the Australian Energy Regulator has been reviewing this.

If IPART considers that the current prescriptive approach is not appropriate, EWON suggests that through a consultation process, including with their customers, Sydney Water considers a minimum level of key information to be included on bills. We consider that a minimum requirement is needed in the interests of maintaining good industry practice and providing customers with a clear understanding of what information they can expect to see on their bills.

³ Sydney Water's submission, p75.

⁴ *National Energy Retail Rules*, Rule 25.



Variation of the Customer Contract within a licence term

EWON notes that the Customer Contract can only be varied at the end of the five year term of each Operating Licence. This may be a significant constraint if it results in delays in including improved customer outcomes in the Customer Contract.

In their submission Sydney Water suggested that the Customer Contract could be varied if it was not attached to the Operating Licence, and that the *Sydney Water Act 1994* (or Regulation) and/or the Operating Licence could require that key customer protections be retained in the Contract.⁵ EWON notes that detaching the Customer Contract from the Operating Licence could result in contractual changes to customer protections being implemented without regulatory oversight. In the absence of a common customer protection framework (see comments above), EWON supports essential customer protections being maintained in either legislation or, as a minimum, in the Operating Licence. We consider that there would need to be wide and transparent consultation around any changes to the Customer Contract.

Introduction of late payment fees

EWON notes that Sydney Water's proposal to introduce a late payment fee was rejected by IPART in the most recent review of prices.⁶ We consider that the next regulatory review of prices would be a more appropriate forum for discussion of this issue, to allow for full consultation and discussion with all stakeholders.

If late payment fees are to be introduced, EWON notes the exceptions that apply to customers in the energy industry and we strongly support a similar set of exceptions for Sydney Water (and any other water provider) customers. Under the National Energy Customer Framework (NECF), retailers must not charge late payment fees for customers in financial hardship.⁷ In NSW retailers must also waive the fee in the following circumstances:

⁵ Sydney Water's submission, p76.

⁶ IPART *Review of prices for Sydney Water Corporations water, sewerage, stormwater, drainage and other services from 1 July 2012 to 30 June 2016*, p122-123.

⁷ *National Energy Retail Rules*, Rule 73.



- if the customer receives the Low Income Household Rebate or Medical Energy Rebate
- if that bill, or another bill, is the subject of a matter being considered by EWON
- if the bill is subject to an arrangement to pay by instalments under a payment plan
- if any part of the bill is paid by a voucher issued under the Energy Accounts Payment Assistance Scheme
- if the retailer is aware that the customer has sought assistance to pay the bill from a community welfare organisation that issues such vouchers.⁸

Notice requirements for disconnection/restriction of supply

EWON notes that Sydney Water's current practice is to issue one reminder notice stating that payment is 'immediately due' and a disconnection notice requesting payment 'within seven days'.⁹ We consider that Sydney Water's proposal to remove the reference to seven days from the disconnection notice is a step backward from current practice in the energy industry. Under the NECF, both the reminder and disconnection warning notices must state the date on which each warning period ends (six business days from the date each notice is issued).¹⁰

EWON suggests that Sydney Water adopt this approach. Instead of amending the disconnection notice Sydney Water could add a seven-day warning period to the reminder notice. This would provide customers, particularly those who are financially stressed or otherwise vulnerable, with clear notice of the amount of time they have to organise their finances or seek assistance before their supply is restricted.

Specific amendments regarding complaints to EWON

EWON has consulted with Sydney Water on amending clause 12.4.1 of the Customer Contract to address the concerns raised in Sydney Water's submission.¹¹ We have agreed that the following wording would be appropriate to replace the current clause:

⁸ *National Energy Retail Law (Adoption) Regulation 2013*, clause 10.

⁹ Sydney Water Customer Contract, p70.

¹⁰ *National Energy Retail Rules*, Rules 109 and 110.

¹¹ See Sydney Water's submission, p79.



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You have the right to refer a complaint or dispute arising under this contract to EWON.

EWON is an independent dispute resolution body that can investigate and resolve complaints or disputes you have with us under this contract.

Disputes that can be referred to EWON include complaints or disputes about: supply of service, your bill, credit or payment services, restriction or disconnection. Full details are available from EWON www.ewon.com.au

EWON's services are available to you without cost.

You should try to resolve the issue with Sydney Water prior to contacting EWON. Sydney Water will work with you and EWON to find a fair and reasonable outcome.

If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 8218 5250.

Yours sincerely

A handwritten signature in black ink that reads "Clare Petre". The signature is written in a cursive, flowing style.

Clare Petre
Energy & Water Ombudsman NSW