

14 October 2011

Sydney Water Corporation Price Review 2012
Independent Pricing and Regulatory Tribunal
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Thank you for the opportunity to comment on the IPART Review of prices for Sydney Water Corporation's water, sewerage, stormwater and other services.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and 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.

The proposed price increases for residential customers of Sydney Water Corporation are significant (especially during the first year of the Determination period where the bulk of the price increase is located). We note that this rise occurs at a time when consumers also face increases in electricity and gas prices, and in the cost of other commodities such as petrol.

The increase for the average consumer over four years is 15%, with the proposed increase in the first year 9.4%. While this is only half the recent electricity price rise, the two combined utility price increases may lead to price shock for some customers. Therefore EWON would suggest an approach which sees the total income requirement for the determination period balanced over the four years rather than loaded into the first year.

EWON acknowledges Sydney 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 vulnerable and low income customers. The

¹ *Sydney Water submission to IPART 2012 pricing determination September 2011* pp 126 - 131.

ongoing and strengthened assistance measures are fully discussed in Sydney Water's submission to IPART.

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

In particular EWON welcomes the increased commitment to the Payment Assistance Scheme (PAS) and No Interest loans Scheme (NILS). The establishment of a specialist hardship team is also welcome and reflects industry best practice. Equally the development of a range of payment options to suit differing needs is a welcome approach.

The establishment of PlumbAssist was foreshadowed in the last determination period but did not eventuate. The proposal for the next determination period seems to be more substantial.

In meeting its obligations to consider customer impact, IPART seeks information about measures taken to minimise adverse impacts. Proposals put forward by utilities designed to reduce adverse social impact need to be measurable. This ensures that equivalent consideration can be given to both economic and social aspects of the price determination.

The Sydney Water submission does not make clear the levels of expenditure on NILS and PlumbAssist. In the chart provided on social program costs,² PAS vouchers, NILS and PlumbAssist are all included under the one expenditure item. This makes actual commitments to expenditure difficult to monitor.

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

Yours sincerely



Clare Petre
Energy & Water Ombudsman NSW

² Ibid p131