

20 March 2009

Local Water Utility Inquiry
Department of Water and Energy
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Thank you for the opportunity to comment on the *Report of the Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metro NSW*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and the water providers Sydney Water, Hunter Water, Country Energy and State Water.

EWON welcomes the NSW Department of Water and Energy's commitment to improving essential water services and the Independent Inquiry's work. We have provided comment on the affordability issues discussed in *Chapter 8: Options for pricing regulation – Affordability* and *Recommendation 6: Consumer Protection*. We have provided these comments from the perspective of EWON's experience as the approved independent dispute resolution mechanism for all NSW energy customers and many NSW water customers.

Chapter 8: Options for pricing regulation – Affordability

The report states:

Prices of basic needs such as water and sewerage must take into account the affordability of these services to the community.

Programs to subsidise economically disadvantaged persons in the community exist within NSW for water and energy services. One such program is the pensioner concession scheme which is legislated under the Local Government Act (1993) Section 575.

In non-metropolitan NSW, accessibility to the program is limited to owner-occupiers of residences that have a water account with a LWU. Pensioners in caravan parks and nursing homes, for example, are therefore not able to access the scheme as they do not have primary responsibility for the water account.....

Following the establishment of any new governance structure, a review of the pensioner concession schemes in place for water and sewerage services in non-metropolitan NSW should be conducted to ensure appropriate concession schemes are available.

Concession schemes should also be coordinated with other initiatives, such as demand management, to relieve financial hardship. An example of this would include the provision of free services to assist low-income householders to install water efficient fixtures and fittings¹.

EWON would strongly support a review of the pensioner concession schemes for water services in non-metropolitan NSW to ensure government assistance schemes are available to, and meet the needs of, low income and disadvantaged customers, including tenants and consumers who pay for their water consumption but are not necessarily account holders.

A very significant development in the energy and water industries over recent years has been the establishment of hardship programs and policies to deal more effectively with consumers who are experiencing financial difficulties. Hunter Water and Sydney Water hardship programs include Payment Assistant Scheme (PAS) vouchers to assist customers pay their accounts. For energy bills, the NSW Government administers the emergency assistance Energy Account Payment Assistance (EAPA) vouchers. Sydney Water has also introduced a Centrepay option to assist financially vulnerable customers to manage their water bills through small regular payments rather than a large quarterly bill.

These measures have been a very welcome development, resulting in greater assistance to customers in financial difficulties, improved customer relationships, and reduced credit management / debt recovery action and costs. We would recommend the advantages of such hardship programs to all water suppliers. EWON supports the establishment of measures to assist vulnerable customers who are struggling to pay their water bills, or who have been disconnected or facing disconnection or restriction of their water supply.

In relation to demand management we note that there are a number of energy and water efficiency programs to assist customers reduce their consumption and their bills. Many utilities offer energy audits, refit and retrofit programs, and support the No Interest Loans Schemes to assist low income customers to replace water and energy inefficient appliances, in particular washing machines, refrigerators and heaters.

EWON would support the extension of all these initiatives to water customers across the state, as part of the implementation of the report's recommendations, to ensure water services remain affordable and accessible.

¹ Report of the Independent Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metro NSW, December 2008, Page 86

Recommendation 6: Consumer Protection

Recommendation 6 of the report states:

The Energy and Water Ombudsman NSW scheme be adopted by local water utilities as a mandatory requirement, provided it can be demonstrated that there are net benefits in doing so.²

Later in the report the following is outlined:

CONSUMER PROTECTION

Metropolitan water, electricity and natural gas utilities in NSW are required to be members of the Energy and Water Ombudsman NSW (EWON) scheme and to establish customer contracts for services provided.

Presently consumer complaints are dealt with by existing processes established by councils and water supply authorities. There is no independent complaint handling framework for customers of non-metropolitan water supply and sewerage service providers.

The EWON scheme is funded by its participants, all of which are significant corporate entities.

Under the current structure, the scheme may not be affordable to smaller local water utilities. However, if one of the aggregation options identified in Chapter 4 is adopted, then the EWON scheme may be affordable. The costs and benefits of the EWON scheme in the context of non-metropolitan NSW needs to be examined.³

EWON supports the recommendation that non metropolitan water authorities be required to be members of an independent dispute resolution scheme as we consider that access to external dispute resolution for customers of essential services is both a reasonable customer expectation and a reflection of best practice service standards.

EWON was established in 1998 and is the approved dispute resolution scheme for NSW electricity and gas customers, and some water customers. To date EWON has received over 70,000 customer complaints. EWON's aim is to provide fair, equitable and independent investigation and resolution of customer complaints. We work with all the key stakeholders – providers, community, government and regulators – to improve the standard of service delivery for the benefit of NSW consumers.

Specialist energy ombudsmen exist in all Australian states (and, for New South Wales and Victoria, water). The oldest ombudsman scheme, EWOV, was established 12 years ago and the most recent, Queensland, commenced operations in mid-2007. In Victoria non-metropolitan water authorities have been members of EWOV for some time.

² Ibid., Page 6

³ Ibid., Page 75

These schemes are successful because they adhere to the established benchmarks for industry-based customer dispute resolution: accessibility, independence, fairness, accountability, efficiency and effectiveness.

The energy and water ombudsman schemes are consistently shown to be accessible and effective. Accessibility is achieved by the phone-based nature of the service, the informality of our processes and the fact that the service is free to consumers. Given the nature of the jurisdiction, ombudsman schemes have put a premium on community outreach and education, particularly as a sizeable proportion of those who contact an energy or water ombudsman are low-income or otherwise vulnerable consumers. Publications are available in major community languages (EWON, for instance, publishes educational and other materials in 17 languages). The schemes also conduct forums and other events across urban, regional and rural areas to promote access to our services and other assistance to consumers.

A large part of the success of the schemes has been our ability to resolve complaints in a fair, reasonable and expeditious way, with the large majority of matters being finalised within one to two weeks. We provide significant reporting to industry and other stakeholders as a means of highlighting systemic and topical issues and assisting industry to improve standards of service delivery to customers, and work closely with regulators and policy makers to this end.

EWON's experience with water complaints through membership of the Scheme of Sydney Water and Hunter Water means that we are very familiar with water issues for NSW consumers.

We look forward to being able to contribute our knowledge and experience of consumer issues in this area.

If you would like to discuss this matter further, please contact me or Emma Keene, Manager Policy & Projects on 8218 5250.

Yours sincerely



Clare Petre
Energy & Water Ombudsman NSW