

# Dishonoured or declined payment and late payment fees

14 June 2016



## WHAT

IPART has specified new maximum late payment and dishonoured or declined payment fees to be charged by Sydney Water and Hunter Water. For 2016-17, these are:

### Sydney Water

- ▼ dishonoured or declined payment fee of \$12.50, and
- ▼ late payment fee of \$4.16.

Terms and conditions for the late payment fee can be found overleaf.

### Hunter Water

- ▼ dishonoured or declined payment fee of \$28.45.

The prices above are in \$2015-16, that is, they exclude the effects of inflation.

Under section 12A of the IPART Act, the Premier asked IPART to undertake a periodic investigation and report on the:

- ▼ maximum late payment fee and dishonoured or declined payment fee to be charged by Sydney Water, and
- ▼ maximum dishonoured or declined payment fee to be charged by Hunter Water.



## HOW

This investigation ran concurrently with the periodic price reviews for Hunter Water and Sydney Water. In making our decisions we considered submissions received from stakeholders and held a separate public hearing on these fees in April 2016.



## WHY

In June 2015, as part of its pricing proposal, **Sydney Water** proposed to introduce a **late payment fee** and maintain its **dishonoured or declined payment fee**.

At the same time, **Hunter Water** did not propose introducing a late payment fee, and proposed to continue charging **dishonoured or declined payment fees**.

Both utilities have provisions to charge these fees under their Customer Contracts (current Customer Contracts can be accessed [here](#) for Sydney Water and [here](#) for Hunter Water). However, these fees are not charged for the provision of a monopoly service, and so IPART cannot determine them as part of its periodic price reviews of water, sewerage and stormwater drainage services for Hunter Water and Sydney Water.



## WHEN

IPART has specified fees for a 4-year period, consistent with the 2016 determination periods for Sydney Water's and Hunter Water's monopoly services - ie, from 1 July 2016 to 30 June 2020.



## LEARN MORE

Our reports, determinations, stakeholder submissions and the transcript from the public hearing are available on our website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)).

The Final Report and related documents for Sydney Water can be found [here](#).

The Final Report and related documents for Hunter Water can be found [here](#).

# Sydney Water and Hunter Water price reviews



## Sydney Water

We have accepted Sydney Water's proposed late payment and dishonoured or declined payment fees, with a slight upward adjustment for corporate costs as we consider it important to allocate costs consistently across the business.

**Table 1 Decision on dishonoured or declined payment fee and late payment fee (\$2015-16) – excluding inflation**

	2015-16	2016-17	2017-18	2018-19	2019-20
Dishonoured or declined payment fee	12.27	12.50	12.74	12.98	13.23
Late payment fee	N/A	4.16	4.24	4.32	4.40

We consider that Sydney Water's proposed late payment fee is reasonable, simple to understand, and below that charged by other utilities. We also consider it appropriate for Sydney Water to recover the efficient costs of late payment, given that there are protections for vulnerable customers under the terms and conditions (listed below). Customers who impose the additional costs should pay them, rather than all customers (including those that are vulnerable) bearing additional costs.

### Sydney Water's late payment fee terms and conditions

Sydney Water will not charge a late payment fee where:

- ▼ there is a billing matter being considered by the Energy and Water Ombudsman NSW (EWON)
- ▼ the customer has made an arrangement with Sydney Water to pay by instalments or another payment plan
- ▼ part of the bill is being paid using Sydney Water's payment assistance scheme
- ▼ Sydney Water is aware that the customer has sought assistance from a community welfare organisation that is part of the payment assistance scheme
- ▼ the customer is registered with Sydney Water's BillAssist program
- ▼ the customer has been identified as being in hardship
- ▼ the customer pays by direct debit, or
- ▼ EWON has asked Sydney Water to waive the fee.

IPART added provisions that the fee will only be levied:

- ▼ if the customer has been notified in advance of the late payment fee and the circumstances in which it may be levied, and
- ▼ at least 7 days after the due date.

## Hunter Water

Hunter Water previously levied three separate dishonoured or declined payment fees for different payment types ranging from around \$28 to \$41. It updated its proposal following our Draft Report to consolidate to a single fee of \$28.45 (\$2015-16) regardless of payment type, increasing with inflation over the period to 30 June 2020.

We have accepted Hunter Water's proposal because the new fee is the lowest of the three originally proposed, simple to understand, recovers costs associated with the most common declined payment and creates an incentive for Hunter Water to pursue process efficiencies.

It also brings the fee closer in line with Sydney Water's. In part, the remaining cost difference reflects that, where a payment is dishonoured or declined, Hunter Water includes fees from its bank or Australia Post in its dishonoured or declined payment fee, while Sydney Water passes these fees on to customers in addition to its dishonoured or declined payment fee. Hunter Water also faces higher fees from its bank and Australia Post than Sydney Water.