



Independent Pricing and Regulatory Tribunal

Review of the Customer Contract for Hunter Water Corporation

Water — Issues Paper
October 2010



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Mr James Cox, Chief Executive Officer and Full Time Member

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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by 10 November 2010.

We would prefer to receive them by email <ipart@ipart.nsw.gov.au>.

You can also send comments by fax to (02) 9290 2061, or by mail to:

2010 Review of Hunter Water Corporation Customer Contract
Independent Pricing and Regulatory Tribunal
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Our normal practice is to make submissions publicly available on our website <www.ipart.nsw.gov.au>. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed on the previous page.

We may choose not to publish a submission—for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. IPART will then make every effort to protect that information, but it could be subject to appeal under freedom of information legislation.

If you would like further information on making a submission, IPART's submission policy is available on our website.

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1 Introduction

1.1 Scope of IPART's review

Hunter Water's Customer Contract has been in place for 6 years. As the Customer Contract forms part of Hunter Water's Operating Licence, IPART would normally review the contract as part of its end of term review of Hunter Water's Operating Licence which is next due to occur in 2011/ 2012. However, the *Hunter Water Act 1991* (the Act) and the Hunter Water Corporation Operating Licence 2007-2012 (Operating Licence, Licence) provide for the review and amendment of the Customer Contract during the term of the Operating Licence.

Hunter Water has requested an early review of its Customer Contract. This will enable Hunter Water to implement changes which it considers will benefit its customers and itself. Hunter Water has also argued that amendments to the contract are required due to changes in its operating environment. We have accepted these arguments and intend to review Hunter Water's Customer Contract. We will report to the Minister for Water and recommend the terms of an amended Customer Contract.

The Act provides that the Customer Contract may be varied with the agreement of the Governor. To vary the contract Hunter Water must publish a notice that sets out or summarises the variation either 6 months or more before the variation becomes effective or a shorter period to which the Minister agrees.

Hunter Water's submission to IPART, including proposed amendments to the Customer Contract is available at

http://www.ipart.nsw.gov.au/investigation_submissions.asp?industry=3§or=11&inquiry=240.¹

1.2 Review process

The outcomes of this review will be taken into account in the end of term review of Hunter Water's Operating Licence which will occur in 2011/12. We will therefore follow the relevant aspects of the end of term review process provided by Hunter Water's current operating licence. In particular we will:

- ▼ determine whether the Customer Contract is fulfilling the objectives that are provided for in the Licence
- ▼ determine whether the terms of the Customer Contract require amendment in light of the *Water Industry Competition Act 2006* and any other relevant legislation; and
- ▼ determine the terms of a new Customer Contract.

¹ If you are unable to access Hunter water's submission please contact IPART and a hard copy will be posted to you.

IPART invites all interested parties, including members of the public, to make submissions on the issues highlighted in this Issues Paper and any other matters relating to the Customer Contract.

Interested parties are invited to provide IPART with their submissions by 10 November 2010.

The timetable for the review is provided below. Details on how to make a submission can be found at the front of this Issues Paper.

Table 1.1 Timetable for review

Action	Timeframe
Release Issues Paper and invite submissions	13 October 2010
Receive stakeholder submissions	10 November 2010
Finalise draft Customer Contract	End November 2010
Hunter Water comments on draft Customer Contract	Mid December 2010
Release final recommendations to Government	End December 2010

1.3 Structure of this Issues Paper

To assist interested parties, this Issues Paper provides:

- ▼ an overview of Hunter Water's role and the objectives of its customer contract (Chapter 2)
- ▼ the key issues for this review of Hunter Water's Customer Contract (Chapter 3).

2 Hunter Water's role and objectives of its customer contract

Hunter Water is a State Owned Corporation wholly owned by the NSW Government. Its primary role is to manage potable water supply and wastewater systems to protect public health and the environment for the benefit of the Hunter region and surrounding areas. These roles and responsibilities are prescribed by the Act and the Operating Licence issued to Hunter Water under Part 5 of the Act.

2.1 Objectives of the customer contract

The Act requires Hunter Water to set out the terms and conditions of service in a standard customer contract and provides that any landowner whose property is connected to a water or sewer main owned by Hunter Water is taken to have entered into a customer contract with Hunter Water.² The objective of the Customer Contract is to define the relationship between Hunter Water and its customers.

2.2 Hunter Water's performance under current customer contract

In 2006/07, we conducted a full audit of Hunter Water's compliance with the Operating Licence requirements relating to the Customer Contract. This audit showed that Hunter Water fully complied with these requirements. In subsequent years we have conducted desk top reviews of evidence supporting compliance with these requirements. Hunter Water has demonstrated that it complies with the relevant requirements in each of these reviews.

The Energy & Water Ombudsman (EWON)³ collects information concerning customer protection issues for various NSW utilities. EWON reports indicate that complaints against Hunter Water are among the lowest in the group of utilities monitored by EWON.

Customer service data for Hunter Water is also included in the National Performance Report, published by the National Water Commission. This data shows that customer complaints against Hunter Water are comparable with other Australian water utilities.

We are not aware at this stage of issues other than those raised by Hunter Water that require amendment to the Customer Contract.

3 Key issues

Hunter Water has identified the following issues in proposing a new Customer Contract:

- ▼ Changes to the administration of rebates and the circumstances in which they are payable.
- ▼ Additional protections for customers, including those experiencing financial hardship.
- ▼ Clarification of maintenance responsibility and liability for repair and restoration for damage to customers' property.

² *Hunter Water Act 1991*, sections 35 and 36(1).

³ Energy and Water Ombudsman of NSW.

- ▼ Amendments required as a result of changes to plumbing regulation.
- ▼ Implications of the *Water Industry Competition Act 2006* for the Customer Contract.

These issues are discussed further below. Further detail can be found in Hunter Water's submission to IPART which is available at

http://www.ipart.nsw.gov.au/investigation_submissions.asp?industry=3§or=11&inquiry=240.

3.1 Hunter Water's rebate strategy

The Customer Contract includes provisions that require rebates to be paid to customers for any shortfalls in service. The current rebates are not linked to the system performance standards that were recently adopted for Hunter Water's operating licence.⁴ Hunter Water proposes that the rebates payable under the Customer Contract should be based on the system performance standards that came into effect from July 2010. However they have suggested an alternative basis for the rebate for low water pressure.

Hunter Water has estimated that its proposed changes will result in increased operating costs of approximately \$210,000 per annum.

The various proposed rebates are described below.

3.1.1 Proposed change to administration of rebates

Hunter Water has proposed a change to the way in which rebates are applied. Rebates are currently applied to reduce the service charge that is a component of a customer's bill. Under the current arrangements, a landlord receives the benefit of any rebates even in circumstances where they have suffered no reduction in service.

Hunter Water proposes that rebates should be applied in future only to the usage component of the bill. This change is significant in tenancy where a tenant is responsible for paying the usage component of a water bill. It is the tenant who experiences the reduction in service and who will, under Hunter Water's proposal, receive the benefit of the rebate.

This proposed change would also involve a complementary change to the way in which rebates are calculated. Currently the value of rebates is determined as a percentage of a customer's annual water or sewerage service charge subject to a minimum prescribed rebate. Hunter Water has proposed that rebates should be calculated by reducing the amount of water usage that is charged by a specific kilolitre allowance. This will ensure that the value of the rebate will increase if prices increase.

⁴ See Appendix A.

Hunter Water’s proposed rebates are outlined at Table 3.1 below.

Table 3.1 Hunter Water’s proposed rebates

Rebate trigger	kL allowance	Value of rebate Based on 2011/12 prices expressed in dollars of 2010/11
Unplanned interruptions	Water service is interrupted for over 5 hours between 5:00am and 11:00pm due to a failure of our water system and no alternative water supply is provided.	15 \$28
	Experience three or more unplanned interruptions between 5:00am and 11:00pm in a financial year, each exceeding 1 hour in duration, due to a failure of our water system.	15 \$28
Water pressure	Water pressure is below 15 metres head at the point of connection to our water system for more than 30 minutes on more than five occasions in a financial year due to a failure of our water supply system, you have reported the problem by calling and we have confirmed each event.	15 \$28
Wastewater overflows	If you report and we confirm a one-off dry-weather wastewater overflow on your property due to a failure of our wastewater system (not including shaft breaks).	30 \$56
	If you experience three or more dry weather wastewater overflows on your property in a financial year due to a failure of our wastewater system (not including shaft breaks)	120 \$223

Source: Hunter Water Corporation submission to IPART – 2010 Customer Contract Review, p 6.

IPART seeks comments on the following

- 1 Is Hunter Water’s proposal to apply rebates to the water usage component of a bill reasonable?
- 2 Are the proposed rebate levels, and method of calculation of rebates reasonable?

3.1.2 Removal of rebate for planned interruptions

Hunter Water proposes to remove the rebate for planned water interruptions. This is consistent with the objective of aligning rebates with the system performance standards. There is now no standard for planned interruptions.

Hunter Water argues that it is reasonable to interrupt customers' water supply for a limited time without compensating them to perform essential maintenance or upgrading of assets. However, customers must be given adequate notice of the interruption.

If adequate notice is not provided or the duration of the interruption exceeds that advised, the interruption would be classified as an "unplanned interruption". As discussed in section 3.1.3 a rebate would then apply.

IPART seeks comments on the following

- 3 Is it reasonable for the rebate for planned water interruptions to be removed?

3.1.3 Unplanned interruptions

Hunter Water proposes to partly align the unplanned water interruption rebates with the relevant system performance standard. The current unplanned interruptions system performance standards are:

1. No more than 10,000 properties shall experience an unplanned interruption of more than 5 hours in a financial year, and
2. No more than 5,000 properties shall experience 3 or more unplanned interruptions exceeding one hour duration in a financial year.

Hunter Water proposes that, for the purposes of calculating entitlement to rebates, the unplanned interruption must occur between 5:00am and 11:00pm. They argue that most customers are not inconvenienced by interruptions that occur between 11pm and 5am. Because the cost of providing rebates is borne by Hunter Water's customer base there are strong arguments for providing rebates only where customers are inconvenienced. However, while this is true of most people there are some people (eg, shift workers, parents of babies, sick people) that may be inconvenienced by interruptions between 11pm and 5am.

Hunter Water also proposes to issue rebates only if no alternative water supply is provided. The forms of alternative water supply suggested by Hunter Water include:

- ▼ bottled water
- ▼ a tanker connected to the mains providing water supply accessible through customers' taps
- ▼ a standpipe or tanker placed in the street from which customers can collect water.

It is likely that the majority of customers would find the proposed alternative water supplies to be reasonable in most circumstances. However these arrangements may be less satisfactory for some customer groups (ie, the elderly, carers, disabled consumers and parents of young children).

Hunter Water’s proposed customer rebate for unplanned interruptions is explained as follows:

When you experience an unplanned water service interruption for over 5 hours between 5:00am and 11:00pm due to a failure of our water system and no alternative water supply is provided, you are entitled to an automatic rebate of 15 kilolitres to be applied to the water usage component of your next bill. You will be eligible for this rebate for the first and second event that you experience in a financial year.

Where you experience three or more unplanned water interruptions between 5:00am and 11:00pm in a financial year, each exceeding 1 hour in duration, due to a failure of our water system, and we have not provided you the required notice, you are entitled to an automatic rebate of 15 kilolitres to be applied to the water usage component of your next bill.

IPART seeks comments on the following

- 4 Is Hunter Water’s proposal to only pay rebates for unplanned interruptions that occur between 5:00am and 11:00pm reasonable?
- 5 Should Hunter Water not issue rebates for unplanned interruptions where “alternative water supplies” are provided?
- 6 Are Hunter Water’s proposed forms of “alternative water supply” reasonable?

3.1.4 Low water pressure

Hunter Water’s system performance standard relating to water pressure provides that no more than 4,800 properties should experience water pressure below 20 metres head in a financial year. Under the current Customer Contract Hunter Water pays a rebate to customers who:

- ▼ experience water pressure below 15 metres head at the point of connection
- ▼ due to a failure of Hunter Water’s water supply system
- ▼ on more than 5 occasions during any 12 month Operating Licence period.

Although Hunter Water proposes that other rebates should be substantially aligned with the system performance standards, it proposes that the conditions triggering payment of the low pressure water rebate should remain unchanged for the following reasons:

- ▼ Hunter Water considers that water pressure greater than 15 metres head at the point of connection is an acceptable level of water pressure and is consistent with levels experienced by residents in many other urban and rural areas of Australia.
- ▼ Sydney Water’s low pressure rebate is paid for verified low pressure occurrences of less than 15 metres head (consistent with its system performance standard). Hunter Water considers that it is appropriate to pay rebates on the same water pressure standard as Sydney Water.

- ▼ Hunter Water has approximately 1600 customer connections that regularly experience water pressure below 20 metres head because they reside in an area with developer approval for low pressure based on the height of their land relative to the reservoir serving their properties.

Hunter Water's proposed low water pressure rebate for a new Customer Contract is explained as follows:

Where your water pressure is below 15 metres head at the point of connection to our water system for more than 30 minutes on more than five occasions in a financial year due to a failure of our water supply system, you have reported the problem by calling 1300 657 000, and we have confirmed each event, you are entitled to a rebate of 15 kilolitres to be applied to the water usage component of your next bill.

Hunter Water proposes that low water pressure rebates should apply only to incidents that are reported and confirmed. By contrast, IPART notes that Sydney Water pays low water pressure rebates automatically when affected customers are identified through its monitoring. Hunter Water has explained to IPART that where a low pressure event is verified and it is determined that multiple properties are affected, all affected properties would receive the low water pressure rebate even if they have not reported the problem. Some redrafting of this clause may be necessary to reflect this position more clearly.

IPART notes that the difference in the system performance standards for low water pressure between Hunter Water and Sydney Water has historical origins. Given that water pressure of 15 metres head is regarded as an adequate standard for Sydney Water customers, it could be argued that a similar standard for the payment of rebates is reasonable for Hunter Water customers.

IPART seeks comments on the following

- 7 Is Hunter Water's proposal to maintain its existing rebate for low water pressure but pay it only for reported and confirmed incidents reasonable?

3.1.5 Wastewater overflows

Hunter Water's current Customer Contract provides for one rebate for wastewater overflows. This is available automatically to customers who experience two or more overflows within a 12-month period.

Hunter Water proposes to have two rebates for wastewater overflows in the future – one for single occurrences and one for repeat overflows, as follows:

If you report and we confirm a one-off dry-weather wastewater overflow on your property due to a failure of our wastewater system (not including shaft breaks), you are entitled to an automatic rebate of 30 kilolitres to be applied to the water usage component of your next bill.

If you experience three or more dry weather wastewater overflows on your property in a financial year due to a failure of our wastewater system (not including shaft breaks), you

are entitled to an automatic rebate of 120 kilolitres to be applied to the water usage component of your next bill.

Hunter Water also proposes that rebates should not apply to shaft⁵ blockages or breaks because the sewer shaft is considered to be part of the customer's pipe work. It explains that some confusion has arisen in the past about responsibility for shaft blockages and eligibility for rebates. It has also proposed a corresponding amendment should be made to clause 8 of the Customer Contract and diagrams in the Definitions section of the Customer Contract. This will clarify and illustrate the division of ownership and responsibility for maintenance between Hunter Water and typical residential customer installations.

IPART seeks comments on the following

- 8 Are Hunter Water's proposed rebates for wastewater overflows reasonable?

3.1.6 Other rebates and compensation arrangements

The current Hunter Water Customer Contract provides for rebates to be paid to customers within areas covered by 'boil water alerts' issued by NSW Health and compensation arrangements for customers who experience dirty water. Hunter Water has proposed only minor amendments to the boil water alert rebate and dirty water compensation arrangements.

3.2 Additional protections for customers, including those experiencing financial hardship

Hunter Water's proposed Customer Contract includes greater detail on the assistance to be provided to customers who experience financial hardship and more detailed information on the protections provided to customers who are having difficulty paying their bill.

In recommending a new operating licence for Sydney Water for 2010-2015, IPART strengthened the customer protection measures in the operating licence applying to residential customers who experience financial difficulty. Sydney Water is required to have in place and comply with procedures relating to customer hardship, debt, water flow restriction and disconnection.⁶ The procedures must include:

- ▼ a customer hardship policy for residential customers, that helps residential customers in financial difficulty to manage better their current and future bills
- ▼ a payment plan for residential customers who are responsible for paying their bill and who are, in Sydney Water's opinion, experiencing financial difficulty

⁵ The shaft is a component of the junction between the sewer main owned by the utility and the customer's sanitary drain (sewer pipe).

⁶ Sydney Water Operating Licence 2010-2015, clause 4.4.

- ▼ conditions for disconnection of supply or water flow restriction in accordance with the disconnection procedure set out in the Customer Contract
- ▼ provisions for self-identification, identification by community welfare organisations and identification by Sydney Water of residential customers who are experiencing financial difficulty.

This licence condition is complemented by additional protections in Sydney Water's Customer Contract. Sydney Water's payment plan and disconnection procedure are required to include the protections of the Customer Contract. Therefore, the full suite of customer hardship protections for Sydney Water's customers is provided by its Operating Licence and Customer Contract working together.

Protections for customers who experience financial hardship have strengthened because of price increases and a corresponding increase in the numbers of customers who experience water flow restrictions. Sydney Water's residential customers were provided with protection similar to that afforded to energy customers from early 2010.

Hunter Water's proposed amendments to its Customer Contract include some, but not all of the customer hardship protections and disconnection procedures that were included in Sydney Water's Operating Licence and Customer Contract for 2010-2015. The most notable differences are in the disconnection process and the features of payment plans offered by each utility.

If only Hunter Water's Customer Contract is reviewed at this time, only part of the strengthened customer hardship protections now provided to Sydney Water's residential customers can be considered. We believe there is merit in reviewing Hunter Water's Operating Licence provisions relating to customer hardship (Clause 5.3) together with the Customer Contract. This will ensure the full suite of protections is available to Hunter Water's residential customers and that the Operating Licence and Customer Contract are consistent.

If the Operating Licence provisions relating to customer hardship are not reviewed at this time together with the Customer Contract, they could be considered as part of the end of term Operating Licence review in 2011. This would delay the introduction of the full suite of protections until 1 July 2012.

IPART seeks comments on the following

- 9 Should Hunter Water's Customer Contract include similar protections for its customers as provided to Sydney Water's customers in relation to disconnection procedures, features of payment plans and protections for residential customers experiencing financial hardship?
- 10 Should IPART review Clause 5.3 of Hunter Water's Operating Licence together with its Customer Contract or wait until the end of term review of the Operating Licence in 2011?

3.3 Clarification of maintenance responsibility and liability for repair and restoration

3.3.1 Maintenance responsibility

Hunter Water submits that Clause 8 of the current Customer Contract regarding responsibility for maintenance has caused confusion to customers and Hunter Water staff. Its proposed amendments to Clause 8 are intended to provide clarification on where the responsibility lies for maintenance and repair of main-to-meter water connections and wastewater pipes and fittings. Hunter Water has provided diagrams in the Definitions section of the Customer Contract to clearly illustrate the division of ownership and responsibility for typical residential customer installations.

For water systems, Hunter Water has clarified that, with a few exceptions, it should be responsible for maintenance and repair of main-to-meter water connections. For wastewater systems, Hunter Water has clarified that customers are responsible for maintaining and repairing all wastewater pipes and fittings within their property up to the “point of connection” with Hunter Water’s wastewater system.

IPART seeks comments on the following

- 11 Are Hunter Water’s proposed amendments to clarify responsibility for maintenance reasonable?

3.3.2 Liability for repair and restoration

Hunter Water has proposed additions to the Customer Contract to clarify the extent of its responsibility for the maintenance and repair of its water systems and its responsibility for restoration of damage to customers’ property. The changes include:

- ▼ Rewording of Clause 8.5 – Defective work.
- ▼ An additional clause to cover stormwater connections, coverings and bridges (Clause 8.6).
- ▼ Rewording of Clause 8.7 – Building, landscaping and other construction work.
- ▼ Rewording of part of Clause 9.4 – Impact on customer’s property. This clarifies the extent of Hunter Water’s liability to leave a customer’s property as near as possible to its original condition.

Hunter Water argues that confusion caused by Clause 9.4 has resulted in many protracted disputes about compensation and restoration when Hunter Water has to access its assets, particularly pipes, in and adjoining public property.

Hunter Water accepts that there are instances where it has responsibility to restore a customer's property to as near as possible to original condition. However, in most instances, customers have constructed buildings, driveways, walls or fences and other landscaping contrary to the provisions of section 25 (Interference with works) and section 26 (Compensation to Corporation for damage) of the *Hunter Water Act 1991*. While these sections of the Act should prevail in any dispute, the wording of the current clause 9.4 has resulted in protracted and acrimonious dealings in relation to damage caused by Hunter Water in accessing its assets and in determining the appropriate level of compensation or restoration for this damage. The rewording of clauses 8.10 (8.7 in the current Contract) and 9.4 of the contract aims to remove the apparent conflict between the provisions of the contract and sections 25 and 26 of the Act.⁷

The proposed rewording of clause 8.10 provides substantially more detail regarding a customer's obligation to obtain approval from Hunter Water for building, landscaping or other construction work over, or adjacent to, Hunter Water's systems. The proposed new clauses 8.10 and 9.4 clarify that failure to obtain prior approval for such work will limit Hunter Water's liability to reinstate building, landscaping or other construction or its liability for compensation.

IPART seeks comments on the following

- 12 Are Hunter Water's proposed amendments to clarify liability for repair and restoration reasonable?

3.4 Amendments arising from plumbing regulation changes

Regulation of on-site plumbing is currently undertaken in accordance with geographical supply areas. At present, Hunter Water and other supply authorities regulate plumbing within their supply areas.

The NSW Government undertook a review of the plumbing regulatory framework within NSW in 2008/09. The key recommendation of this review was that the NSW Fair Trading should be the single agency in NSW responsible for:

- ▼ Plumbing and drainage regulation.
- ▼ On-site regulation of plumbing and drainage work.
- ▼ Licensing for plumbing and drainage work.

⁷ Hunter Water Corporation submission to IPART - 2010 Customer Contract Review, p 8.

Responsibility for plumbing standards in Hunter Water's area of operations will therefore transfer from Hunter Water to NSW Fair Trading. A Plumbing Reform Implementation Group, co-ordinated by Fair Trading, has been established to prepare the necessary legislative and regulatory amendments to implement the reform recommendations in NSW.

Hunter Water has proposed additions to the Customer Contract in anticipation of the changes to its regulatory operating environment. In particular Hunter Water will no longer be able to assess new connections for impact on its water and wastewater systems. These proposed additions include:

- ▼ Additional circumstances in which Hunter Water may restrict or disconnect a customer (Clause 6.2).
- ▼ Additional wording to parts of Section 8 – Responsibilities for maintenance and repair clauses.
- ▼ A new Clause 8.11 – Connections to services, to enable Hunter Water to impose its own connection requirements. This is intended to provide Hunter Water with an opportunity to assess new connections and ensure there is capacity in water and sewer networks to provide for new connections or establish hydraulic conditions that do not adversely impact on the networks. Assessment of network capacity and other network hydraulic issues will not form part of the plumbing approval processes to be carried out by NSW Fair Trading.

IPART seeks comments on the following

- 13 Are Hunter Water's proposed amendments to the Customer Contract reasonable to address issues arising from plumbing regulation changes?

3.5 Implications of the *Water Industry Competition Act 2006* on the Customer Contract

The NSW Government introduced the *Water Industry Competition Act 2006* (the WIC Act) as part of its strategy for a sustainable water future to harness the innovation and investment potential of the private sector in the water and wastewater industries. The WIC Act provides a licensing regime for private sector entrants to ensure the continued protection of public health, consumers and the environment. A corporation (other than a public utility) must obtain a licence under the WIC Act to construct, maintain or operate any water industry infrastructure or to supply water (potable or non-potable) or provide sewerage services by means of any water industry infrastructure.

Hunter Water has identified some impacts of the WIC Act on its operating environment and proposed the following amendments to its Customer Contract:

- ▼ Clarification that customers supplied by a third party, licensed under the WIC Act, are not covered by the Customer Contract for services provided by that third party.
- ▼ Provision of information on termination of the Customer Contract for customers deciding to transfer to a supplier licensed under the WIC Act.

3.6 Other proposed miscellaneous amendments and issues

Hunter Water has included a number of minor miscellaneous amendments in its proposed Customer Contract to:

- ▼ Improve its customer service focus.
- ▼ Reflect changes to its operating environment that involve an increase in the number of recycled water connections and the use of alternative water sources.
- ▼ Remove ambiguity and clarify Hunter Water and customer responsibilities.

IPART seeks comments on the following

- 14 Do stakeholders have any further comments on Hunter Water's proposed Customer Contract or other issues that should be considered as part of a review of the Customer Contract?

3.7 Timing of amendments to customer contract

The Act provides that the Customer Contract may, with the approval of the Governor, be varied by Hunter Water publishing a notice setting out or summarising the variation at least 6 months, or a shorter period to which the Minister agrees, before the variation becomes effective.

Given that Hunter Water considers its proposed amendments benefit both Hunter Water and its customers, it may be appropriate to recommend the Minister agree to a period of notice of variation shorter than 6 months.

IPART seeks comments on the following

- 15 What period of notice of variation is appropriate for the Customer Contract amendments proposed by Hunter Water?



Appendices

A Hunter Water System Performance Standards

The current system performance standards applying to Hunter Water were introduced on 1 July 2010. They are outlined in the table below.

Table A.1 Hunter Water System Performance Standards

Standard	Measure
Water pressure	<p>Hunter Water must ensure that no more than 4,800 Properties in a financial year experience a water pressure failure.</p> <p>This property count does not include properties that experience low pressure on a day when peak day demand exceeds 370 megalitres per day.</p> <p>Each separately billed or separately occupied part of a multiple occupancy property is a separate property.</p>
Unplanned interruptions	<p>Hunter Water must ensure that no more than 10,000 properties in a financial year experience an unplanned water interruption exceeding 5 hours.</p> <p>Multiple unplanned interruption</p> <p>Hunter Water must ensure that no more than 5,000 properties in a financial year experience 3 or more unplanned interruptions.</p> <p>Each separately billed or separately occupied part of a multiple occupancy property is a separate property. Interruptions caused by third parties to be excluded. Interruptions less than 1 hour to be excluded.</p>
Sewer overflows	<p>Hunter Water must ensure that no more than 5,000 properties in a financial year experience an uncontrolled sewage overflow in dry weather.</p> <p>Multiple Sewer Overflows</p> <p>Hunter Water must ensure that no more than 45 properties in a financial year experience 3 or more sewage overflows in dry weather.</p> <p>Multiple Occupancy Properties are counted as a single property.</p>

