



Energy & Water
Ombudsman NSW
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17 August 2018

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Dr Boxall

2019 Review of the Sydney Water Operating Licence

Thank you for the opportunity to comment on IPART's review of the Sydney Water Corporation Operating Licence *Water Licensing – Issues Paper June 2018*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity, gas and some water providers, including Sydney Water, in NSW. Our comments are informed by our investigations into these complaints, and also from our community outreach and stakeholder engagement activities.

While our submission primarily focuses on the proposed changes to the Customer Contract as outlined in *Sydney Water's Submission to IPART's Issues Paper*, we have also commented on some other areas of concern that have relevance with our casework, experience and expertise.

For clarity, our comments in relation to Sydney Water's proposed Customer Contract changes are referenced using the numbers in Sydney Water's submission.

4.1 Services to Water Industry Competition Act Licensees

As part of this review, IPART has asked whether there would be benefit in creating additional obligations on Sydney Water to provide services and other information to retailers and network operators who have been issued a licence under the *Water Industry Competition Act 2006* ('WIC Act licensees').

This is an emerging industry and at present customer complaints are few and have been limited to billing disputes and unplanned water restrictions.

Under its current Operating Licence, Sydney Water is required to provide water and wastewater services to properties, with the terms and conditions for supply of services set out in its Customer Contract. As WIC Act Licensees are wholesale customers and receive services at a wholesale point (and not at a property) the Customer Contract does not apply.

While noting Sydney Water's obligations to its retail customers, it is important to remember that the end users of Sydney Water's wholesale customers are also entitled to protections for the delivery of water and waste water services.

Energy & Water Ombudsman NSW

Phone (02) 8218 5250 Web ewon.com.au
Fax (02) 8218 5233 Email omb@ewon.com.au

PO Box A2436, Sydney South NSW 1235
Level 11, 133 Castlereagh Street, Sydney 2000

On this basis, obligations similar to those contained in Hunter Water's Operating Licence, sections 1.5.1 to 1.5.3, are a suitable template for Sydney Water's License, providing clarity in relation to roles and responsibilities, and providing consistency across utilities of the same service.

10.1 Customer and consumer license obligations

EWON supports IPART's preliminary intention to update the existing obligations on how Sydney Water communicates with their customers.

This change is consistent with the *Electronic Transactions Legislation Amendment (Government Transactions) Act 2017*. This Act reflects the NSW Government's commitment to deliver more convenient and efficient services to the public through digital channels.

It is important however that notices continue to be posted to supply addresses for consumers of water (that is tenants of properties) who are not direct customers of Sydney Water. While a customer (owner/landlord) may have provided Sydney Water with directions to have all communication, with specific reference to invoices, sent via email, this may not be suitable for reminders or subsequent notices relating to disconnections/restrictions of supply. It is essential occupants of the supply address are made aware of the potential disconnection/restriction of water at the supply address.

At the same time Sydney Water must adhere to the disconnection/restriction obligations located in its current Customer Contract clause 6.2, 6.3 that require:

1. A Reminder Notice – stating payment is immediately due – no further time limit stated.
2. A Disconnection Notice – requiring payment or supply may be restricted or disconnected within 7 days without further notice.
3. Best endeavours to make further contact with the customer by post or phone or in person.

In this situation the occupant of the supply address and customer (owner/landlord) both require notices. The reminders would be sent to the customer based on their preferred method of communication and a notice to the supply address, addressed to the occupant, to ensure the occupant is made aware of the potential disconnection and can therefore take preventative measures with their landlord.

On this basis it is important the Operating License obligations are not so prescriptive as to deny Sydney Water the choice of communication channel for the type of message that needs to be delivered.

10.2 Other customer and consumer issues

External dispute resolution scheme

Under clause 5.7.1 of its licence, Sydney Water is required to be a member of EWON, an obligation which it fully supports. However it is proposing that the requirement to prepare a pamphlet that explains the **operation** of the dispute resolution service provided by EWON be reviewed and amended to require Sydney Water to instead prepare a pamphlet that advises the **availability** of the service. The pamphlet would still advise how to access EWON.

Sydney Water considers the 'operation' of EWON is determined by EWON and not Sydney Water, and on this basis has proposed the change.

In the energy market, the Rules include obligations on retailers to include details of the existence and 'operation' of the energy Ombudsman, including contact details, on disconnection warning notices.¹

The requirement to explain EWON's operation is not onerous. It is clearly not intended to be anything other than a high level requirement and might, for example, include our status as a provider of dispute resolution services as opposed to an arbitrator, or a description of our advice as free and independent.

On that basis, and for consistency across utilities, EWON believes that the pamphlet should explain both our operation and availability. We would be happy to work with Sydney Water to develop appropriate wording.

10.3 Customer Contract

Electronic billing

Sydney Water notes, in its response to IPART's suggestion that current billing arrangements be updated to further encourage electronic billing, that at the end of June 2018 it has more than 190,000 eBill customers with net growth of between 14,000 to 18,000 customers per quarter. It notes that the Customer Contract already allows for customers to request bills electronically or to a nominated postal address (clause 4.4.3). It considers this provides an appropriate degree of customer choice and on this basis is not proposing any changes.

We note, however, that Sydney Water is investigating the introduction of a discount as a financial incentive to change from paper billing to electronic billing. This will essentially be a penalty for those customers who remain on paper billing because they have no access to the internet, a printer, or because they prefer paper bills.

In January 2018, in response to complaints received, the NSW Government banned fees for paper bills in the energy market. For all customers, but with specific consideration of those on low incomes and tenants (who make up a considerable proportion of Sydney Water consumers), consistency across utilities with respect to paper based fees would be desirable.

Customers should not be penalised financially for not wishing to move to electronic bills.

Other issues raised

Sydney Water is proposing a number of changes to the Customer Contract for the purpose of:

- clarifying customer responsibilities
- updating policy titles
- reflect current business practices
- enabling potential future business changes.

Proposed changes

Section 2

2.1 What is a Customer Contract – Clause updated to note that customers do not need to sign the contract for it to be valid and binding.

¹ National Energy Retail Rules 110(2)(f)

This change is positive as it reduces ambiguity with respect to deemed customer contracts.

Section 4

4.4.4 – How to make a payment

As with Electronic Billing, Sydney Water is investigating the introduction of a discount as a financial incentive to encourage customers to move to lower cost payment methods. Again, this can essentially be called a penalty for those customers who are either not able to establish direct payment processes or have no access to the internet to pay bills online. At the same time as it banned fees for paper bills in energy markets, the NSW Government also banned fees for paying a bill at Australia Post.

EWON does not support the introduction of such fees by Sydney Water.

Section 6

6.3 Conditions for restriction or disconnection of supply of water for non-payment by customers

Sydney Water's proposal to modify this section to reflect its current practice of posting its 30 day and 7 day notices to the supply address, as this ensures occupants of the supply address are informed and can take preventative action, is a positive initiative.

Section 7

7.2 Rebates

Sydney Water proposes that the values of rebates be amended to reflect CPI adjustments. This change is a positive initiative.

We further note that Sydney Water is proposing (but has not included these changes in the proposed new Customer Contract as it is still testing the changes with customers) to amend rebate values and events to better align with customer views. Sydney Water has advised it will provide further advice to IPART and will confirm its proposed changes in its submission to the draft Operating Licence.

EWON will provide feedback at that point.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy & Research on [REDACTED].

Yours sincerely

[REDACTED]

Janine Young
Ombudsman
Energy & Water Ombudsman NSW