

WESTERN SYDNEY
UNIVERSITY



Institute for Culture
and Society

1 February 2019

Dr Zoë Sofoulis
Adjunct Research Fellow
Institute for Culture and Society

W: https://www.westernsydney.edu.au/ics/people/researchers/zoe_sofoulis

Ms Erin Cini
Director, Regulation and Compliance
Independent Pricing and Regulatory Tribunal
Level 15 / 2-24 Rawson Place
Sydney NSW 2000

Dear Ms Cini,

RE: Response to Review of the Sydney Water Corporation Operating Licence 2015-2020, 2nd draft, IPART, Sydney, December 2018.

Thank you for the invitation to participate in the IPART Roundtable on 5 February 2019, discussing responses to the 2nd Draft *Review*. As I am unable to attend that event, I am submitting these responses to points related to concerns with customers, which were mainly on Section 8 'Customer and Stakeholder Relations' in the *Issues Paper*, and now relate to Section 10 on 'Customers and Consumers' in the *Review 2nd Draft*, especially subsections 10.1, 10.2, and 10.7.

The following comments are in response to points on customers and consumers flagged in the workshop agenda:

We recommend that the licence and/or Customer Contract:

- ▼ Include obligations to protect tenants.
- ▼ Adopt rebates proposed by Sydney Water which are based on customer engagement.
- ▼ Require Sydney Water to implement a family violence policy by 1 July 2020 to protect vulnerable customers.
- ▼ Amend obligations for how Sydney Water communicates with customers to provide more flexibility.
- ▼ Require Sydney Water to review and report on the existing Customer Council to ensure effective customer engagement.

Institute for Culture and Society

Western Sydney University

ABN 53 014 069 881 CRICOS Provider No: 00917K

Locked Bag 1797 Penrith NSW 2751 Australia

westernsydney.edu.au

▼ Include obligations to protect tenants

Expand idea of 'customers' to consumers including 'tenants': There were a number of welcome changes IPART proposed to licensing conditions in order to address the majority of Sydney's population who are not 'customers' in the narrow sense of being owners of properties with water connections. The changes to include and protect tenants seem fair and appropriate. They help break down an old class distinction between those who are and those who are not property owners, an anachronistic and unnecessary distinction when it comes to essential services.

Payment options: A further breakdown of class or socioeconomic distinction might be considered in relation to the option to have monthly water bills. As this facility is now readily available through automatic and internet banking, there should be no need for people to be interrogated about their personal circumstances if they elect to choose this option. It ought just be available as an option any customer might choose. Then Sydney Water need get involved or make referrals to financial help and welfare services only when people were in particular hardship, dealing with domestic violence, etc.

Initial 'customer' connection: An additional note is that despite the rhetoric of the 'customer' (even when extended to tenants) and the obligations laid out in the Customer Contract, the supply of water is still made to properties (at least for residential dwellings). An advantage of this is that water connections are usually left on, even between tenancies and ownerships.

However research on 'touchpoints' in the Sydney Water customer journey revealed that many new home-owners found their first customer experience unpleasant and confusing, because new owners may receive an automatically generated overdue or disconnection notice relating to the previous owners. The company's web page about moving home includes a little box acknowledging this experience:

Why did you get a bill in the previous owner's name?

At this stage, bills will still be in the seller's name. If you receive one of these, please disregard it. We'll send a bill in your name once we receive details from NSW Land Registry Services. This usually takes a few weeks after settlement.

(From:<http://www.sydneywater.com.au/SW/your-home/moving--renovating---building/buying--selling-or-moving/index.htm>)

In other words, people can't become SW customers until several weeks after their solicitor deposits some documents with the Land Registry Services, which eventually confirms the property change to Sydney Water. In the interim, the wrong bills are generated for both former and new residents. That such a glitch persists 25 years after corporatisation and the shift from rates-based (property based) to consumption-based charges is surely a sign of administrative oversight and neglect, especially neglect of the beginning and end points of a customer's 'journey' with Sydney Water.

Is there a way to improve the customer experience, especially for new property-owners?

For example:

- Could there be some degree of automation and simplification of the Land Registry Services processes for water connections?
- Could a new property-owner become a 'customer' when they move in, and be set up with a provisional account to receive communications in their name and new address from the outset, in a set-up that would block automatic mailout of incorrect bills? Once notification comes from Land Registry Services, Sydney Water could convert the

provisional account to a permanent one via a 'behind the scenes' administrative process seamless to the new customer.

- Can there be more options for consumers to become customers? Tenants of commercial properties can become direct customers of Sydney Water. What, exactly, is stopping similar arrangements being available for tenants of residential properties?

▼ **Adopt rebates proposed by Sydney Water which are based on customer engagement.**

This seems a generally good principle to follow.

But as noted on p. 82, on the basis of Sydney Water's own research "Customers consider Sydney Water should try to find ways of directing rebates to occupants rather than property owners," which Sydney Water is not planning to do. Is there a way to ensure that landlords who pass on usage charges to their tenants can also pass on rebates to those actually inconvenienced by service disruptions?

More philosophically, rebates for disruption of services or water quality make sense within the terms of the Customer Contract, where people are positioned as engaged in transactions on a fee-for-service / rebate-for-disservice basis.

Findings from the Institute for Culture and Society's recent research suggest that resilient public trust in the water provider involves more than these customer transactions, and is based on perceptions of good governance, honesty and accuracy in communications, and a belief in the corporation's general commitment to protect public health and the environment. In other words: trust grows when Sydney Water acts as a good corporate citizen in *all* the areas discussed in this review of its operating licence, not just its customer relations. Beyond offering rebates, Sydney Water needs to trust that its customers and communities have the capacities to appreciate that things can go wrong despite the company's best efforts.

▼ **Require Sydney Water to implement a family violence policy by 1 July 2020 to protect vulnerable customers.**

This is an excellent idea and will bring Sydney Water in line with other leading water companies in the UK and Victoria, where this topic has been a special policy focus of state government.

▼ **Amend obligations for how Sydney Water communicates with customers to provide more flexibility.**

The *Issues* paper and the 2nd Draft *Review* both have very good ideas about loosening up the requirements about communications platforms while also maintaining conventional (print) media for people who prefer it or have trouble accessing reliable electronic media.

One question still not clear from the revised document and its ideas about making communications more available to tenants is whether hard copies of *Water Wrap* are to be made available to those who request them?

▼ **Require Sydney Water to review and report on the existing Customer Council to ensure effective customer engagement.**

Less prescriptive modes of engagement: It was gratifying to see that the *Review 2nd Draft* responded to feedback from various submissions: it lifted its prescriptions about modes of customer engagement beyond “scientific and statistical” methods that excluded most contemporary social and cultural research approaches, and was much less prescriptive about the kind of expertise appropriate to have on the Customer Council (or what Sydney Water intends to reconfigure as its Community Advisory Council).

Individual versus community scale: We would think it laughable if a water manager confused a domestic rainwater tank—even a large one—with Warragamba Dam. Yet just such confusions of scale are commonplace in water management discourse when it comes to social entities at the scale of the (individual) ‘customer’ and the (collective) ‘community’. There is frequent slippage between the terms, as though a community were simply an accumulation of customers. But people do not exist only as customers in economies: we are also members of communities, which have complex internal differentiations and contesting groups and ideas.

There seems to have been a break down of a distinction current a few years ago, between ‘customer communications’ (implying generally top-down communications and information and advertising campaigns from companies to customers, plus a customer complaints facility) and ‘community engagement’ activities, which could imply more open consultative and participatory planning processes that engaged people in terms of their interests beyond customer transactions, such as concerns with the environment, seeking alternatives to proposed developments, or interests in governance and decision-making processes.

The term ‘customer engagement’ seems to blur the distinctions between the customer and the community, and between top-down corporate communications or extractive attitudes research, and other more intensively ‘engaging’ participatory activities that involve people as members of communities rather than separate economic agents (see table included in my earlier submission).

It might be noted that although Ofwat’s recent major document on engagement also uses the term ‘customer engagement’, a document search reveals that quite often a reference to the customer is co-located with a reference to ‘society’ or ‘social benefits’, so there is an ongoing recognition that there are concerns beyond the level of the individual customer.

Customer Council or Community Advisory Council: Ambiguities over the differences between issues for customers and communities remain unresolved in the *Review 2nd Draft*, and need to be more carefully considered in the process of reviewing and reporting on the Customer Council that IPART recommends. IPART’s implied position seems to favour a council that provided input to Sydney Water in terms of its relation to people as customers, which would be about aspects of the customer contract, market research, customer experience. As per the present, members of the Customer Council might include representatives of various social identities (ethnic, disabled, disadvantaged etc.) who make up the customer base.

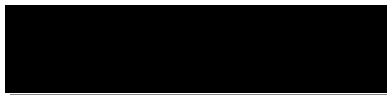
However the title ‘Community Advisory Council,’ as favoured by Sydney Water, implies something of broader scope, in which people might be engaged as members of communities, with interests that are shared (and/or contested) by other people, and in terms that go beyond the limitations of the customer contract. Such a group might have an important role in terms of Sydney Water developing a more mature form of partnership with the community, expressed in a deeper willingness to engage with people, organisations and interest groups in terms they propose, and in ways that may impact upon its strategic decision-making and planning for the future. Members of such a Council might be sought who have expertise in democratic and participatory planning, environmental justice, co-design and co-governance processes, etc.

Meanwhile, it seems that unlike Ofwat, IPART is not yet willing to push Sydney Water further through the idea of ‘Customer Challenge Groups’ with defined roles to critically examine and

report on aspects of water utilities, especially “the degree to which the results of this [various kinds of customer] engagement have been reflected in the company’s proposed plan.”¹ In other words, for Ofwat, the mere fact of engagement with customers and communities is not enough: engagement has to be seen to have had impact on the water companies’ plans and operations.

The open question here is to what extent the “effectiveness” of customer engagement is to be measured by its effects on altering Sydney Water’s views and plans. This would represent a new direction for Sydney Water, whose reports on social research and engagement with customers and communities are normally suppressed from circulation or peer assessment outside SW, or even beyond the section of SW that commissioned them; they are generally not listed in annual reports, and thus can not readily be attributed to have any effects at all.

Thank you for the opportunity to make this further submission.



Zoë Sofoulis

¹ Ofwat, May 2016 *Ofwat’s customer engagement policy statement and expectations for PR19*, www.ofwat.gov.uk, p.24.