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Our Ref: DOC12/17037

Mr James Cox  
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20 March 2012

Dear Mr Cox

State Water welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART's) discussion paper - Customer engagement on prices for Monopoly Services.

State Water's comments on the discussion paper are detailed in the attached submission.

If you wish to discuss the State Water submission further please contact Joseph Caruana, Regulatory Analyst, on 02 8245 2074, or [joseph.caruana@statewater.com.au](mailto:joseph.caruana@statewater.com.au)

Yours sincerely

Lisa Welsh  
General Manager  
Strategy and Government Relations

### **Constructive engagement**

State Water notes the positive feedback of its Customer Service Committees outlined in the discussion paper. State Water is proud of its customer engagement strategy epitomised in the long running Customer Service Committees. State Water continues to invest significant time and money in these committees which has fostered a positive, constructive and efficient service provider-customer relationship.

Having said this, State Water notes the regulator is not represented on any of the Customer Service Committees nor provides input to agenda items. State Water would be happy to invite representatives from IPART to address CSCs in order to increase the constructive engagement process, especially during the price review process. This would reduce the need and cost for the regulator to establish its own customer forums and be especially useful given State Water's highly dispersed geographical customer base.

### **Service standards**

State Water seeks clarification on the proposed requirement for utilities to provide supporting cost benefit analysis for Government mandated service standards after they have been enacted. State Water understands IPART's desire to empower customers with the ability to influence these service standards and associated price impacts. However, State Water notes that mandated service standards are a matter of Government policy that State Water must simply adhere to. An alternative approach could be to require the cost benefit analysis to be conducted prior to the setting of mandated standards by the agency imposing them.

State Water seeks clarification on the information to be provided when the mandated requirements are not subject to the vigorous cost benefit analysis IPART is requesting. An example is the dam safety standards set by the NSW dam safety committee. IPART observed in its 2010 report, *Review of the Productivity Performance of State Owned Corporations - Final Report*,

*"... that the significant increases in State Water's capital expenditure for the coming years [are] driven by the need to comply with dam safety standards. Dam safety standards are set by the Dams Safety Committee and compliance with them is compulsory. We [IPART] note that dam safety standards are not set with regard to the costs and benefits that will arise from compliance but, rather, assessments of risk by the Committee".*

### **Right to appeal regulatory decisions**

State Water notes the discussion paper's suggestion to open the possibility for consumers to appeal regulatory decisions to increase incentives for regulated entities to undertake customer engagement. Such a process should also be open to regulated utilities to allow an independent review should a dispute arise between the utility and the regulator. As noted in the discussion paper, an appeals process is in place for electricity distribution and network pricing determinations undertaken by the Australian Energy Regulator. However, no such appeals process is currently in place for bulk water pricing reviews.

### **Minor amendments**

State Water notes a typographical on page 17 of the discussion paper. Please remove the word "Hunter" from the sentence, *"State Water's negotiation with its 9 Hunter Valley-based customer service committees on discretionary service levels..."*