

Our Ref:

Michael Sedwell
c/o Independent Pricing and Regulatory Tribunal
Level 2, 44 Market St
Sydney 2000

19/10/01

Dear Michael

Re : Review of Hunter Water's Operating Licence

The Public Interest Advocacy Centre would like to provide the Tribunal with further comments concerning the review of the Hunter Water Operating Licence. These are intended as a supplement to our previous written submission to this review.

The Minister for Energy and Utilities recently determined to endorse a limited range of the performance standards and indicators proposed for Sydney Water by the Tribunal. In our view, this decision, to permit only limited development of existing standards and delay the collection of data on other areas of performance, increases the level of interest on the part of residential consumers on the role and efficacy of rebates for breaches of the standards established for both Sydney Water and Hunter Water. PIAC is interested to use the opportunity of the forthcoming public workshop for the review of the Hunter Water Operating Licence to discuss options for improving the structure of their existing customer rebates.

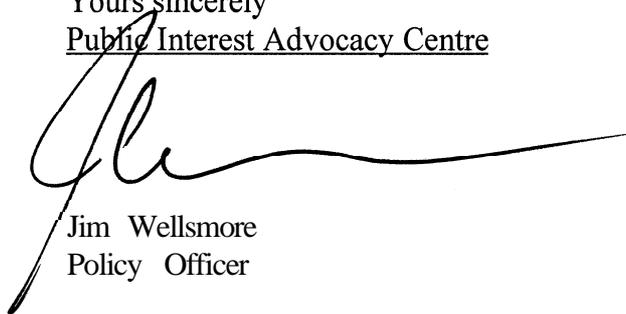
Currently, Hunter Water's rebates, as detailed in their Customer Charter, establish a higher threshold for determining customer eligibility for rebates than does Sydney Water. This is balanced by the rebate returning the whole of the service availability charge to customers who have experienced the requisite level of inconvenience or poor service. The level of rebate suggests that service quality can be gauged by an absolute measure, that a customer either has service or they do not. Yet, the eligibility threshold for payment of the rebate indicates a more incremental view of inconvenience experienced by customers and consumers when service quality falls below the nominated standard.

An alternative approach would be to have the structure of the rebate recognise the effect of successive interruptions to supply or failures in standards of service by introducing a series of graded steps into the level of rebates. Thus an initial failure by Hunter Water to maintain its required standards of service would result in a partial rebate of the service charge. Each subsequent breach would result in a progressively larger level of rebate.

Finally, PIAC has already submitted to this review its view on the need for Hunter Water's customer contract to spell out the broad policy for the handling of customer debt. Related to this is the question of the responsibilities of the utility in cases where customers are unable to pay their bill. Sydney Water deals with this social responsibility through its payments assistance scheme (PAS). We hope to raise at the public workshop the question of whether it would be reasonable to expect Hunter Water to adopt a similar scheme.

It is hoped these comments are sufficiently timely as to be of assistance to the Secretariat in planning for the workshop and preparing advice to the Tribunal.

Yours sincerely
Public Interest Advocacy Centre

A handwritten signature in black ink, appearing to read 'J Wellmore', with a long horizontal flourish extending to the right.

Jim Wellmore
Policy Officer