

6 November 2006

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Thank you for the opportunity to comment on the *Review of Operating Licence for Hunter Water Corporation Issues Paper DP 86*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers including Hunter Water. During 2005-06 EWON dealt with 114 matters from Hunter Water customers (this includes complaints referred back to Hunter Water and closed as enquiries by EWON and complaints that were investigated by EWON). This total of 114 matters is down on the 2004-05 figures of 131 and the 2003-04 figures of 236. It is on the basis of this experience that we respond to the Tribunal's request for comment.

EWON believes that consumer protection is a priority consideration when reviewing the future of the regulatory framework for water provision in the Hunter. Our comments relate to *Section 10 Customer Service Standards and Consumer Rights* of the Issues Paper.

For ease of reference we have adopted the same numbering as the *Review of Operating Licence for Hunter Water Corporation Issues Paper DP 86*.

10.1 Existing Customer Service Indicators

EWON supports the Tribunal's suggestion of basing the reporting of performance indicators on the National Water Commission's *National Performance Framework 2006*.

10.2 Debt and Disconnection Procedures

EWON notes that the Tribunal is not reviewing the Customer Contract as part of this review. However, we wish to comment on the following points raised in the Issue Paper:

- Shielding Customers from Interest Charges

Hunter Water indicates that they may charge interest on overdue accounts. However, it is not clear that customers who arrange a payment plan are exempt from these charges as is appropriate in such cases. EWON also notes that unlike electricity and gas providers there is no obligation on Hunter Water to pay interest on any overcharge.

- Delaying Debt Recovery

While Hunter Water's Customer Contract states in clause 6.5 that there will be no restriction or disconnection if there is an unresolved dispute, there is no specific reference to suspension of such activity for a matter being investigated by EWON (as occurs in the relevant disconnection schedule for electricity and gas).

- Retrofitting

EWON endorses the view of the Tribunal that retrofitting programs should be offered to customers in financial hardship. Further to this EWON submits that NSW water utilities should offer their customers tailored assistance through customer assistance / hardship programs. All major electricity and gas retailers in NSW now offer such programs. They are also customarily offered by large water utilities in other states such as Victoria. EWON believes that the provision of such assistance is a key customer protection mechanism and represents a minimum standard of good industry practice.

- Centrepay

EWON notes Hunter Water's intention to review the availability of Centrepay within six months of the new operating licence. EWON welcomes this commitment. As a payment option for water accounts Centrepay is an important measure for the region that Hunter Water services, as the ABS 2001 census indicates levels of financial hardship such as a higher level of unemployment and a lower household income level than both the NSW and Australian average. Further 15.1% of the population is over 65 compared to only 12.6% Australia wide.¹ If customers in receipt of Commonwealth pensions and benefits are able to make small regular payments through Centrepay, this reduces the financial impact of a large water bill each quarter.

- Further Matters

In their submission to the Issues Paper Hunter Water identifies that customers with a good payment history receive an additional 7-day payment period as opposed to those with a lesser payment history. Given the circumstances of those customers facing financial difficulty, it is arguable that those customers who most require extra time to pay are being unduly disadvantaged by this policy.

A continuing issue that EWON encounters is the restriction or disconnection of supply for tenants. While the numbers of such matters are not large, restriction or disconnection of water supply can have a significant impact on tenants. Under the existing disconnection process, tenants can be left with as little as 7 days notice before disconnection or restriction can occur without further notice. Given that there can be considerable difficulty in contacting the agent or owner of a rented property, EWON considers that it would be appropriate to notify an occupier of a property from at least

¹ ABS 2001 census of Population and Housing – Australia in Profile: A Regional Analysis January 2004

step 3 if not step 2 of the disconnection process as outlined in the Hunter Water submission.

Case Study

Mrs J contacted EWON after her water had been restricted. She had tried to contact the owner of the property but he was overseas. She was reconnected after paying \$300 off arrears of \$906. She was then restricted again after another fortnight because the owner still had not paid the arrears. Hunter Water required the full payment of the arrears and would not accept any further part payments.

Tenants do not have a direct customer relationship with Hunter Water and therefore are not eligible for a pensioner rebate or the Payment Assistance Scheme. For this reason it is vital that special consideration (particularly in terms of notice and payment arrangements) is given where tenants are involved to ensure that restriction or disconnection does not occur due an owner's negligence or delays caused by contact difficulties.

In some cases that EWON has investigated Hunter Water has restricted or disconnected supply without first attempting to contact the customer by telephone. Clause 6.2 of Hunter Water's *Customer Contract* states:

We may restrict or disconnect the supply of water to you if:

- *at least 48 hours have elapsed since we issued the final notice; and*
- *we have attempted to make further contact with you about the non-payment by means of a telephone call, mail, or visit.*

Case Study

Mr S, who has eight children including a child with only one kidney, arrived home from work to find that the water supply to his home had been restricted for non-payment. He called Hunter Water to complain that he had not received any notice of the restriction, he had had mail stolen from the property in the past, and had Hunter Water attempted to telephone him, he would have made a payment immediately. He made a payment by credit card that evening, but was advised that Hunter Water would not be able to restore full supply until the following morning as it was out of hours. Investigation by EWON found that Hunter Water had issued the required written notices, but had not made any attempt to telephone the customer. Hunter Water argued that under their *Customer Contract*, the visit to the property to restrict supply constituted a reasonable attempt to make further contact with the customer prior to

restriction, even though no one was at home at the property at the time of the visit.

Unlike the regulated requirements for electricity and gas suppliers, the Customer Contracts of both Sydney Water Corporation and Hunter Water Corporation do not require an attempt to contact the customer by telephone prior to restriction or disconnection. EWON considers such a requirement would be a valuable inclusion in any revised version of Hunter Water's *Customer Contract*.

EWON notes from IPART's Operational Audit of Hunter Water Corporation for 2004/2005 that restriction of customers' water supply for non-payment increased by approximately 125% since 2002/2003, and that both restrictions and disconnection rates by Hunter Water were higher than those of Sydney Water Corporation. Given that Hunter Water is able to recover all accumulated unpaid water charges plus interest from deceased estates and when properties are sold, and the availability of alternative means of debt recovery, EWON suggests that Hunter Water should review their current rates of disconnection and restriction.

EWON welcomes Hunter Water's stated intention to review the Corporation's code of practice and procedure on debt and disconnection and looks forward to an opportunity to contribute to this review.

10.4 Complaint Handling Procedures

EWON would strongly endorse the proposed modification of clause 12.2.9 to match the current requirement in Sydney Water's *Operating Licence*. There is clearly considerable advantage in the two licences being consistent to the degree that is possible.

If you would like to discuss this matter further, please contact me on 8218 5250, or Chris Dodds, Policy Officer, on 8218 5262.

Yours sincerely



Clare Petre
Energy & Water Ombudsman NSW