



1 August 2011

Metropolitan Water Price Structure Review
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230
ipart@ipart.nsw.gov.au

Thank you for the opportunity to comment on the *Review of price structures for metropolitan water utilities Water – Discussion Paper June 2011*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. These include the water utilities that are the focus of this discussion paper.

Equitable Pricing Structures

EWON supports the principle of equity in pricing structures so that customers consuming similar essential services should generally pay similar costs for those services and receive similar rebates no matter where they live.

Review of Water Rebates

IPART's Draft Report on the *Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation 2009* recommended that the current rebate be reviewed to address inequities which arose because:

- *“the percentage pensioner bill increase resulting from IPART's draft prices was significantly higher in comparison to the bill increases experienced by customers who did not qualify for pensioner rebates.*
- *Hunter Water pensioners receive a fixed rebate of \$175.00 regardless of the total bill amount. This compares unfavorably to the Sydney Water pensioner rebate which provides a rebate in percentage terms of the total bill”¹*

¹ Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation Water — Determination and Final Report, July 2009 IPART Page 175

The NSW Government responded to the first issue with an increase in the rebate, however the second issue of the discrepancy with Sydney Water was not addressed. There is a further inequity when the rebate policies of the Central Coast water authorities are considered.

EWON would argue that in any consideration of restructuring pricing frameworks it is essential to also review rebates so that vulnerable customers are provided with equitable protection for such a restructure.

We recognise that the pensioner rebate is a matter of Government policy. As part of this review EWON suggests that IPART should encourage a consideration of the value of the current pensioner rebate amount across the metropolitan water utilities.

Tenant access to rebate

EWON remains concerned that tenants are not eligible for the pensioner rebate on their water charges because they do not have a water account. This remains an issue particularly in the context of increasing consumption costs, since the most financially vulnerable pensioners are often those who live in private rental accommodation.

Extension of rebate eligibility criteria

Furthermore, rebates are limited to holders of Pension Concession Cards (and some Department of Veteran Affairs card holders); this excludes many people receiving Government income support. We note the NSW Government's extension of the Energy Rebate to all Health Care Card holders. Such an approach by the water authorities would be welcomed.

Water Services

EWON notes the significant discrepancies in charges for water services that exist under the current framework for both residential and non-residential properties. Any moves to more equitable pricing structures would be welcomed by EWON. EWON recognises that differing operating and capital costs within different networks means that cost reflective pricing will deliver different actual costs. However we suggest that pricing principles and frameworks should be consistent across the differing networks. For example, the pricing principle applied should be consistent across the metropolitan water authorities for retirement village lots, strata units or blocks of flats.

Finally the reality of any such restructure is that there may inevitably be some customers paying more for water services than they currently do. It is therefore



Energy & Water
Ombudsman NSW

PO Box K 1343
Haymarket NSW 1240

Admin (02) 8218 5250
Fax (02) 8218 5233
Freecall 1800 246 545
Email omb@ewon.com.au
Web www.ewon.com.au

ABN 21079 718 915

critical that any reform process has a transition period to minimise any possible price shock, and that appropriate and relevant hardship assistance is available for vulnerable customers adversely impacted by a transition to a more equitable pricing structure.

If you would like to discuss this matter further, please contact me or Chris Dodds, Senior Policy Officer on 82185262.

Yours sincerely

A handwritten signature in dark blue ink that reads "Clare Petre". The signature is written in a cursive, flowing style.

Clare Petre
Energy & Water Ombudsman NSW