



# Premier of New South Wales

Reference: A1349407

Dr Peter Boxall  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
HAYMARKET POSTSHOP NSW 1240

Dear Dr Boxall

Pursuant to section 12A of the Independent Pricing and Regulatory Tribunal Act 1992, I am writing to refer a periodic investigation and report on:

- the maximum late payment fee and dishonoured and declined payment fee to be charged by Sydney Water, and
- maximum dishonoured or declined payment fee to be charged by Hunter Water.

Each periodic review is to be conducted in accordance with the attached Terms of Reference. It is intended that, where possible, each review be conducted concurrent to IPART's investigation of Sydney Water's and Hunter Water's maximum prices for its water and sewerage services. Any late maximum payment fee or maximum dishonoured or declined payment fee specified by IPART is to apply from the commencement of the next determination period, anticipated to be commencing 1 July 2016, and for such other periods as determined by IPART.

If you require further information, please contact Laura Eadie, Director, Department of Premier and Cabinet, on 9228 5546.

Thank you for your assistance in this matter.

Yours sincerely



**MIKE BAIRD MP**  
Premier

- 7 DEC 2015

## **Periodic review of a maximum late payment fee and dishonoured or declined payment fee for Sydney Water and dishonoured or declined payment fee for Hunter Water**

### **Terms of Reference**

I, Mike Baird, Premier of New South Wales, under section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act), refer the following matter to the Independent Pricing and Regulatory Tribunal (IPART) for investigation and report:

- the maximum late payment and dishonoured or declined payment fee for Sydney Water Corporation (Sydney Water),
- the appropriate terms and conditions under which a late payment fee should apply under Sydney Water's customer contract, and
- the maximum dishonoured or declined payment fee for Hunter Water Corporation (Hunter Water).

In conducting each review under these terms of reference, IPART is to specify:

1. the maximum late payment fee that Sydney Water may charge under its customer contract;
2. the maximum dishonoured or declined payment fee recommended to be charged by Sydney Water;
3. the maximum dishonoured or declined payment fee that Hunter Water may charge under its customer contract; and
4. the terms and conditions to apply to the charging of the late payment fee under Sydney Water's customer contract.

### **Background**

#### ***Sydney Water***

By clause 4.4.5 of the customer contract contained in Sydney Water's Operating Licence 2015-2020, Sydney Water has the provision to charge:

"...a late payment fee, but only if a maximum late payment fee amount is specified by *IPART* as part of a review conducted by *IPART* under the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW) ("*IPART Act*")."

IPART may specify the terms and conditions under which the late payment fee applies as part of the review, noting that Sydney Water cannot charge a late payment fee if:

- it has already agreed to a deferred payment date with a customer, or an arrangement to pay by instalments with respect to the overdue account balance; or
- the customer has entered into a payment arrangement with Sydney Water.

Under clause 4.11.1 of its customer contract, Sydney Water may charge a dishonoured or declined fee in an amount not exceeding the amount specified on its website, as amended from time to time.

#### ***Hunter Water***

Clause 4.9.1 of the customer contract contained in Hunter Water's Operating Licence 2012-2017, provides that:

“If payment of your account is dishonoured or declined, we will charge you the relevant administrative fee set by IPART.”

### **Matters for consideration**

In undertaking an investigation under this referral, IPART should take into account the following considerations:

*When reviewing the maximum late payment fee and associated terms and conditions for charging:*

1. The maximum late fee should reflect the efficient costs associated with the late payment of bills.
2. The impact on different customer groups of any terms and conditions for the charging of the late payment fee under the customer contract.

In addition, IPART may take into account any other matters it considers relevant.

*When reviewing the maximum dishonoured or declined payment fee:*

1. The maximum dishonoured or declined fee should reflect the efficient costs incurred by the utility for dishonoured or declined payments.

In addition, IPART may take into account any other matters it considers relevant.

### **Consultation**

In conducting a review under this referral, IPART will invite submissions from stakeholders.

### **Timing of periodic review**

1. IPART is to conduct the investigation and report under this referral either:
  - a. concurrently with its investigation of Sydney Water's and Hunter Water's maximum prices for the provision of water, sewerage, stormwater, trade waste (price review); or
  - b. separately from a price review.
2. Where an investigation and report under this referral is conducted concurrently with a price review:
  - a. the specified maximum fees are to apply from the date the determination commences in respect of that price review; and
  - b. IPART must specify the relevant maximum fee(s) in the report prepared for the purposes of the price review (a copy of which is to be provided to the Premier).
3. Where an investigation and report under this referral is conducted separately from a price review, IPART must:
  - a. set out the period during which the fees are to apply; and
  - b. submit a report to the Premier once the review is completed.