



1 March 2017

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Dr Boxall

Review of the Hunter Water Corporation Operating Licence

Thank you for the opportunity to comment on the draft package of IPART's Review of Hunter Water's Operating Licence 2012-2017.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers including Hunter Water.

EWON made a submission to the Issues Paper of this review. In that submission EWON welcomed a number of positive changes proposed in Hunter Water's submission to that Issues Paper. We also raised some concerns about service rebates and about the restriction of water supply to tenants. In this submission we wish to again raise our concerns.

Service rebates

Supply interruption rebates

EWON welcomes Hunter Water's approach to applying the rebate to the usage charge, so that the occupant of the premises affected is the recipient of the benefit rather than the owner of the premises.

EWON notes IPART's view that restricting the supply interruption rebate to peak hours focuses on the times that customers are most inconvenienced. Hunter Water's website also invites customers inconvenienced outside of peak hours to contact them to potentially claim a rebate. This addresses EWON's concern about the issue of restricting rebates to only peak hour times.

However, this was not the main thrust of EWON's concern over this rebate, which was that the rebate for planned interruptions is only available to customers who have experienced a planned supply interruption three times in any one year. As we noted in our submission¹ Hunter Water has not paid any customer a supply interruption rebate for a planned interruption in the last four years.

¹ EWON submission to IPART's *Review of the Hunter Water Corporation Operating Licence 2012-2017. Water Licensing – Issues Paper May 2016*, p1

For planned or unplanned interruptions longer than five hours Sydney Water pays a rebate for each of the first two interruptions. Then, if a customer experiences another interruption Sydney Water waives the water service charge for the next 12 months. This means that a Hunter Water customer who experiences three planned interruption of longer than five hours receives a \$33.75 rebate and a Sydney Water customer in the same circumstance receives a total rebate of \$195. For three or more unplanned service interruptions of longer than five hours a Hunter Water customer receives a total of \$101.25 while the Sydney Water customer receives \$195, the same as for the planned interruptions.

EWON considers that Hunter Water and IPART move towards matching the equivalent levels of rebates so that Hunter residents are provided with the best possible consumer protections. EWON believes that Hunter Water could do this by increasing the kilolitre allowance per event and by providing a rebate for each planned interruption longer than five hours, rather than setting an eligibility criteria for the rebate so high that it results in no rebates being paid.

Wastewater overflow rebates

EWON recognises that the current proposal endorsed by IPART is a considerable improvement on the existing level of rebate currently provided by Hunter Water for dry weather wastewater overflows. However the difference in the level of rebate provided by Sydney Water when compared to Hunter Water is significant. If a Sydney Water customer has two such events in a 12 month period then they would receive rebates worth \$644.60 while a Hunter Water customer would only receive \$198.80. As with the service interruption rebate, EWON supports the linking of the rebate to the usage charge rather than waiving of the service charge. What is of concern is the significant discrepancy between the values of the rebate provided by Hunter Water and Sydney Water, when the inconvenience suffered by a customer is the same no matter where they live.

Equity

The value provided to customers of Hunter Water through the planned supply interruption rebate and the wastewater overflow rebate is not equitable or in accordance with good industry practice, especially as the underlying costs for customers for both consumption and fixed charges are comparable. The differences are highlighted in the table below:

Rebate type	Hunter Water total \$ value	Sydney Water total \$ value
One unplanned interruption*	\$33.75	\$35
Two unplanned interruptions	\$67.50	\$70
Three unplanned interruptions	\$101.25	\$195
One planned interruption	\$0	\$35
Two planned interruptions	\$0	\$70
Three planned interruptions	\$33.75	\$195
One wastewater overflow	\$66.60	\$60
Two wastewater overflows	\$198.80	\$644.60
Three wastewater overflows	\$331.00	

* Interruption that extends beyond five hours

Flow restrictions on tenants

In the calendar year 2016 EWON received 13 complaints concerning completed restrictions of water supply by Hunter Water. In five of these cases the restriction was lifted on the basis of a part payment and with the customer committing to a payment arrangement. In all five of these cases the person restricted was a customer. In another three cases Hunter Water informed EWON that as the complainants were tenants they could not arrange a payment plan, and that the arrears needed to be paid in full before the restriction could be lifted. As we pointed out in our submission² this requirement meant that the tenant had to pay the landlord's share of the water bill as well as the usage charge, which they may have already paid to the landlord. The failure to allow the tenant to pay a part payment and establish a payment plan stands in sharp contradiction to the arrangements that are allowed to Hunter Water's customers.

The refusal to negotiate with the consumer concerning the restriction was not just what the individuals told EWON. In all three cases it was Hunter Water telling EWON that their policy did not allow them to lift the restriction in these circumstances and that the arrears had to be paid in full.

In our previous submission, EWON raised alternative proposals for dealing with restrictions of consumers. Our primary points were, and remain, the following:

- Tenants facing restriction should be allowed extra time to ensure that they can access the NSW Civil and Administrative Tribunal.
- That where a tenant is restricted, Hunter Water should be prepared to lift the restriction on the basis of a part payment and a commitment to a payment arrangement.

EWON believes that both the letter and the spirit of the current Hunter Water Customer Contract should allow such an approach. Clause (d) of section 11.2.8 of that contract states that restriction will not occur:

“(d) Without providing the occupier reasonable opportunity to pay the account”

EWON welcomes the commitments that Hunter Water's Managing Director, Jim Bentley, made at the Public Workshop that IPART held for this review in Newcastle on 21 February 2017. EWON looks forward to working with Hunter Water to improve its current practice in these matters.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW

² Page 4 ibid