



Dr Tom Parry
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office 1230

27 May 2003

Dear Tom

The Public Interest Advocacy Centre (PIAC) is writing to thank for the opportunity to comment on the Tribunal's Issues Paper, *Review of Guaranteed Customer Service Standards (GCSS) and Operating Statistics*. Unfortunately, due to time and staffing constraints, PIAC is unable to provide detailed comment on all the issues identified in the Tribunal's paper.

Ideally, PIAC would like to see the GCSS and the operating statistics include all three aspects of service quality: service reliability, quality of supply and customer service. Both reliability and quality of supply is a key feature of guaranteed customer service standards for the NSW corporatised water utilities. There would be some benefits in IPART standardising these types of requirements across the electricity, gas and water industries. However, measures for reliability for the electricity industry need to be based on those indicators that are used, by the Ministry of Energy and Utilities in their Electricity Distribution and Retail Licences Compliance Report. Similarly the measure for electricity quality should be the standard developed on voltage. We note that the Ministry is about to publish the first gas network performance report which could also form the basis for the gas industry's guaranteed customer service standards.

As would be expected, PIAC is very interested that the indicators in the category of customer service are appropriate, in that, they provide information, while ensuring that distributors/retailers comply with licences, on how the residential consumers are faring in the marketplace, particularly people on low-incomes.

PIAC supports the introduction of targets in the existing customer service standards, as has been proposed for telephone hotlines/answering, that is a target that has to be reached over time, for example, a target for security deposits. Perhaps their imposition could decrease by a set percentage each year. This would mean that the electricity and gas retailers would have to rely more on other types of payment methods, such as direct debit or CentrePay.

PIAC is not convinced that incorporating willingness to pay studies in GCSS or operating statistics is a worthwhile exercise. Again, there is inconsistency with the water industry, in that, willingness to pay studies have never been suggested as a tool to determine standards.

The issue of compensation is fraught with difficulty. The rebates that paid in the water industry are so small as to be meaningless to individual consumers and changes to them have been resisted by the industry. The point needs to be made that adequate rebates as compensation raise the question whether it is better to compensate individual consumers or put the money by the businesses into fixing the original problem. PIAC would support the proposition that adjusting the price cap for under performance may have real merit. Again there are difficulties with this model as second tier retailers are not price regulated and it further complicates the role of the Tribunal. The businesses may also seek to limit their penalties by increasing costs in other areas to compensate them for the losses paid in penalties.

Another option is for the businesses to be fined for breaching their licences, both the Tribunal and the Minister have the legislative power to do this.

If the decision were made to retain compensation payments for individual households, PIAC would suggest that they need to be automatic payments, where possible and not payments that have to be applied for by the customer.

We are aware that the Tribunal is going to hold a forum on the issues raised by the Issues Paper, PIAC would be more than happy to attend this forum.

If you have any queries raised in this submission, please do not hesitate to contact me on 9299-7833.

Yours sincerely
Public Interest Advocacy Centre



Trish Benson
Senior Policy Officer