

Amending water customer service codes – adopting national principles for coronavirus support

Final decision

5 August 2020

An appropriate citation for this paper is:

Essential Services Commission 2020, Amending water customer service codes – adopting national principles for coronavirus support: Final decision, 5 August

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Summary

This paper outlines our decision to amend our water customer service codes to incorporate national support principles for customers facing hardship due to the effects of the coronavirus pandemic.¹ The amendments promote consistency in the state's customer protection framework, and these national principles.

Victorian water corporations have responded positively to help manage the effects of the pandemic on their customers, voluntarily expanding on the minimum consumer protections they are required to deliver under Victoria's consumer protection framework. At the same time, the National Cabinet has introduced principles for hardship support across essential services. These principles are aimed to achieve a nationally consistent approach to hardship support across essential services (including water) for households and small businesses. We are aware all Victorian water corporations have attested to complying with the National Cabinet principles.

Many of the matters referred to in the National Cabinet principles are already provided for and regulated in some way by the commission under our existing customer service codes. In some areas, the principles expand upon the customer service codes, such as widening support to include small businesses, and halting debt collection and recovery.

We consider there are benefits to industry and consumers from aligning frameworks when they address similar concerns. We consider that the best way to achieve alignment in this case is by embedding the National Cabinet principles into our state-based water customer service codes.

We will do this in two stages. Effective immediately, we will add the National Cabinet principles as a schedule to our customer service codes. We intend to monitor the effectiveness of these amendments over the coming months (particularly in light of the additional restrictions that came into effect in early August) and we will consult with stakeholders to consider which of the National Cabinet principles should be embedded into the body of our customer service codes to deliver on the long term interests of consumers. Through that broader consultation we will also explore appropriate emergency response measures to apply for other situations (e.g. bushfires or floods) that may affect a customer's ability to pay their water bills.

¹ 'Support for households and small businesses facing hardship in paying for essential services', Australian Government, Department of Industry, Science, Energy and Resources, accessed 23 July 2020, <https://www.energy.gov.au/publications/support-households-and-small-businesses-facing-hardship-paying-essential-services>

Adapting our framework to address the effects of the coronavirus pandemic

The effects of the pandemic on water customers

The coronavirus pandemic is causing significant health and economic effects across the Victorian community. Prolonged restrictions in movement and an inability to undertake economic activity are leading many residential and small business customers to experience financial stress. Uncertainty about the health consequences and the broader economic impact of the pandemic means the full effects on consumers will not be known for some time.

Our regulatory framework ensures water customers have access to support

The Essential Services Commission is responsible for water customer service codes that specify standards and conditions of service that water corporations must comply with. It is these codes that govern many of the interactions customers have with their water corporations on issues to do with billing, payment difficulty and collection of debt.

We have two codes relating to customer service – the Customer Service Code for Urban Water Businesses, and the Rural Water Customer Service Code (the codes).²³ We publish these under the authority of the Water Industry Regulator Order made under section 4D of the Water Industry Act 1994, and read with section 4F of this Act. We monitor and report on the water corporations' performance to ensure they are complying with the standards and conditions of service set out in our codes and any guidelines or any other relevant legislative instruments that govern our role.

From early 2020, when the effects of the pandemic started to be felt, we increased the level of engagement with Victoria's water corporations to monitor how they have responded to protect their customers. We have interviewed the water corporations to understand how they are adapting their billing, hardship and collection practices to take into account the effects of

² Essential Services Commission, [Customer Service Code for Urban Water Businesses](#), August 2020.

³ Essential Services Commission, [Rural Water Customer Service Code](#), August 2020.

the pandemic on their customers. We also introduced weekly collection of performance measures associated with managing payment difficulty and customer hardship.

We have observed water corporations responding positively to the needs of customers, including through increased availability of flexible payment options and expanding eligibility for entering hardship programs. Accordingly, we are satisfied that for the most part, the existing codes are working well.

At the same time, we observed some variation in water corporations' practice and see this as an opportunity to enhance industry wide standards or conditions of service for the benefit of customers. We address this further in later sections.

National Cabinet has released principles for consistent support

On 9 April 2020, the National Cabinet agreed on a policy approach and a set of principles to support households and small businesses facing hardship in paying for essential services during the coronavirus pandemic (the national principles).⁴ The national principles are intended to protect both residential and small business customers experiencing financial stress during the coronavirus pandemic. They seek to establish a nationally consistent approach to ensure essential utility service providers provide hardship support to residential and small business customers, including by:

- offering flexible payment options to all households and small businesses in financial stress
- not disconnecting or restricting supply to those in financial stress
- deferring debt recovery proceedings and credit default listings
- waiving late payment fees and interest charges on debt
- minimising planned outages for critical works and providing as much notice as possible to assist households and businesses during any outage.

The National Cabinet identified that the national principles are in addition to existing policies and requirements which may apply to essential service sectors.

⁴ The Hon Scott Morrison MP, 'Update on coronavirus measures - Hardship provisions for energy, water and rates', Prime Minister of Australia, Canberra, 9 April 2020.

The national principles agreed on by the National Cabinet are available on the website of the Federal Department of Industry, Science, Energy and Resources, and have been included as an appendix to this decision.⁵

Victorian water sector operating under two sets of rules

Many of the matters referred to in the national principles are already provided for and regulated in some way by the commission under our existing codes. However, in some areas they provide an enhanced set of measures that specifically respond to the coronavirus pandemic. For example, the national principles require water corporations to extend hardship support to include small businesses, recognising the critical role small business plays in the resilience and recovery of our communities to the effects of the coronavirus pandemic. The national principles also require water corporations to cease restriction of water supply and debt collection for residential and small business customers experiencing financial stress due to the pandemic.

Late in May 2020, all Victorian water corporations attested to the Department of Environment, Land, Water and Planning, that they are meeting the national principles for hardship support to be provided across essential services. Interviews we conducted with water corporations in late June confirmed all had policies and practices in place consistent with the national principles. This includes extending support to include non-residential customers, ceasing water supply restrictions from non-payment, and altering collection processes to place greater emphasis on communication.

There are some differences between the national principles and our codes, including that the national principles provide enhanced measures as outlined above. This means that the Victorian water sector is currently operating under two separate frameworks that address similar concerns but are not aligned.

⁵ 'Support for households and small businesses facing hardship in paying for essential services', Australian Government, Department of Industry, Science, Energy and Resources, accessed 23 July 2020, <https://www.energy.gov.au/publications/support-households-and-small-businesses-facing-hardship-paying-essential-services>

Our decision to amend the codes

Aligning our framework

We expect the national principles will remain relevant for some time, as the full effects of the pandemic are felt across our communities. Aligning the state consumer protection framework with the national principles will benefit the water sector and the community by:

- promoting visibility and accessibility of support measures available to residential and non-residential customers
- clarifying our expectations of water corporations
- promoting consistency in application of the national principles.

We consider the best way to achieve this alignment is to incorporate the national principles into our codes. Our approach is to insert into each code a new clause requiring water corporations to apply the national principles along with a schedule that details of the National Cabinet agreed policy approach and principles. Copies of the amended codes are published with this decision.

Our consultation on the approach

We have consulted on this approach with water corporations and other organisations responsible for delivering to consumers the protection under both the state and national frameworks. What we heard affirmed for us that our approach for incorporating the principles in the codes would be beneficial for consumers in terms of increased transparency and access to critical support. At the same time, we heard the approach provides for administrative simplicity - supporting water corporations to maintain focus on the emerging needs and customers at this time.

Implementation

The amended codes are effective immediately, acknowledging that all water corporations have already attested they are compliant with the national principles, so no implementation period is required in this case.

We intend for this schedule within our codes to be temporary – to be retained for as long as we consider is necessary to help manage the effects of the coronavirus pandemic on customers. We will continue to monitor the effects of the pandemic on customers and the

Our decision to amend the codes

implications for water corporations. Before the end of the calendar year we will engage with stakeholders and review the need for retaining the national principles within the codes.

National Cabinet intended for the national principles to be applied in addition to existing policies and requirements – in this case, the customer support measures already in our codes. To the extent there is any inconsistency between the national principles specified in the schedule to each code, the national principles will take precedence reflecting these were agreed to by National Cabinet specifically to address the current situation the community is facing.

Coinciding with the release of our amended codes, we will hold workshops with the water industry and the community sector to work through any implementation issues, and facilitate sharing of ideas on best practice approaches to help manage the impacts of the coronavirus on the community.

Adapting our approach over time

Over the coming year, we will use a consultative process to identify how aspects of the national principles might be more permanently embedded into our codes. We also see this an opportunity to explore a set of emergency response measures that might apply in situations such as bushfires or floods, that require a heightened level of support.

Appendix 1

National Cabinet Coronavirus Support Policy and Principles – April 2020

SUPPORT FOR HOUSEHOLDS AND SMALL BUSINESSES FACING HARDSHIP IN PAYING FOR ESSENTIAL SERVICES

To protect both residential and small businesses experiencing financial stress, hardship support by essential service providers (energy, water and telecommunications providers, and local governments) should:

- Adhere to the following nationally consistent principles, which builds on actions required or sought for residential and small business customers in the energy and telecommunications sectors;
- Align with nationally consistent approaches to identifying those in financial stress. For example, businesses that qualify for the JobKeeper Payment are defined as being under financial stress under this arrangement; and
- Focus on keeping those facing hardship connected and working to find a mutually sustainable solution to enable households and businesses to rebuild on the other side.

Customers who can pay their bills should continue to do so, to help ensure the continued financial viability of essential service providers.

These principles aim to promote consistency across sectors and jurisdictions, including for eligibility to hardship programs, and ensure an appropriate safety net is in place for vulnerable families and businesses during the economic shock caused by COVID-19. These principles are in addition to existing policies and requirements, which may apply to these sectors.

Support Principles

1. Encourage customers to contact their service providers at the earliest opportunity to discuss their situation.
2. Establish clear processes to identify, and to promptly and appropriately manage, households and small businesses experiencing financial stress, including small businesses eligible for the JobKeeper Payment, such as customers who:
 - a. Repeatedly fail to pay bills on time
 - b. Submit questions or issues to customer service centres.

3. Offer households and small businesses that indicate they may be in financial stress, including small businesses eligible for the JobKeeper Payment, the option of going on a payment plan and/or other flexible options including bill smoothing, flexible repayment options, payment deferrals, extensions and access to Centrepay or other payment services.
4. Be prepared to modify existing payment plans if a customer's changed circumstances make this necessary.
5. Do not disconnect or restrict supply to households or small businesses in financial stress, including small businesses eligible for the JobKeeper Payment.
6. Defer referrals of households and small businesses in financial stress, including small businesses eligible for the JobKeeper Payment, for debt recovery/collection proceedings and credit default listings.
7. Suspend sale of debt while there is an arrangement in place with a customer under a hardship policy.
8. Waive late fees, interest charges and charges for collection of overdue amounts for households and small businesses in financial stress, including small businesses eligible for the JobKeeper Payment.
9. Provide clear, up-to-date and readily available information about arrangements available to those in financial stress via multiple physical and digital communication channels.
10. Provide advice to households and small business customers about appropriate government concession programs and financial counselling services, and strategies to reduce their bills, and/or consumption of the service, in order to reduce future payment difficulties.
11. Minimise the frequency and duration of planned outages for critical works, and provide as much notice as possible to assist households and businesses during any outage

Compliance and Delivery

These support measures should be provided through appropriate existing support and delivery mechanisms, including local governments, service providers and industry associations. This includes:

- Local Government NSW
- Local Government Association of South Australia
- Municipal Association of Victoria
- Local Government Association of Tasmania
- Local Government Association of the Northern Territory
- Local Government Association of Queensland
- The Western Australian Local Government Association.