



22 July 2022

Marcus Crudden Director, Price Monitoring and Regulation Essential Services Commission Level 8, 570 Bourke Street Melbourne, VIC 3000

#### Dear Marcus

#### **Response to Water Customer Service Codes Review**

We welcome the opportunity to provide a response to the Commission's *Water Customer Service Codes Review – Proposal for amendments to the water customer service codes* dated 14 June 2022.

We strongly support the Commission providing additional clarity and strengthening aspects of the customer service codes to improve experiences and outcomes for customers.

We understand the main focus of the Commission's proposed amendments are to:

- strengthen code requirements relating to customer communication, to help ensure water businesses communicate appropriately and sensitively with their customers
- refine the minimum standards regarding support for customers experiencing payment difficulty, and mandate certain support for small businesses
- reflect changes in technology and communication channels since we last reviewed our codes
- clarify the application of interest and debt management activities by water businesses.

These elements align with areas where we have experienced changing interactions with customers, including offering new types of support packages to residential and non-residential customers developed in response to the impacts of coronavirus.

We believe it is important that the code provides the right balance between supporting and protecting customers, enabling water corporations to work with individual customers to flexibly meet their needs and setting minimum standards, approaches and procedures to support delivery of our services.

#### Feedback Summary

The review of the code presents an opportunity to align the customer service codes with other utility sectors, in particular the energy sector. We have however identified areas where differences in the operational practices between the energy and water sectors mean we do not believe full alignment is appropriate at this time.

We are confident that many of the proposed amendments will achieve the objectives of improving experiences and outcomes for customers. However, there are a few proposed amendments that we believe will remove some flexibility for water corporations to support customers and may impose additional costs without a necessarily providing commensurate benefit.

There are also a small number of the proposed amendments, where we are not confident that customer outcomes or experiences will be improved and recommend retention of the existing clauses and approaches. In addition, we consider that a number of the proposed changes would benefit from additional clarity or alignment with the practical way some water business systems operate (e.g. payment and billing).

Further information relating to all of the above points is provided in our responses to the questions on the Engage Victoria website.

We note the Commission's proposed date for the new codes to come into effect is 1 January 2023. While we are strongly committed to implementing the new codes once finalised, we wish to flag that, depending on the content and release date of the final codes, there may be some elements that require a longer lead time to implement and will be worked through during 2023.

We appreciate the opportunity to contribute to this review and would be happy to discuss our feedback and any other matters further with your team.

If you require further information please contact Grace Rose-Miller, Divisional Manager Community Inclusion on **Contract on Alison Flintoff**, Divisional Manager Billing and Collections on **Contract on Contract on Contract** 

Yours sincerely



Chris Brace Acting Managing Director

#### **Contact us**

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## Yarra Valley Water – consultation on the Essential Service Commission's Review of the water customer service codes

Our responses to the consultation questions within the Engage Victoria portal are outlined here.

### What are your views on our draft code?

We are supportive of the Commission's intent to provide additional clarity and strengthen aspects of the Customer Service Codes to improve experiences and outcomes for customers.

We consider it important that the amendments are drafted to drive decisions and outcomes that will increase benefits for customers and support water corporations.

We note the Commission's proposed date for the new Codes to come into effect is 1 January 2023. Depending on the content and release date of the final Codes there may be some elements that require a longer lead time to implement and will be worked through during 2023.

What is your view on our proposed definition for a small business? We support the proposed definition.

### We are interested in stakeholder feedback about the costs and benefits in reducing the undercharging period in the draft water industry standards.

The amendments being proposed align the approach with the energy sector. There can be advantages for customers in aligning practices of the water and energy sectors. However, currently the frequency of meter reads and billing in the energy sector is much higher than in the Victorian urban water sector. For example, in the electricity sector four months of usage often results in four bills (monthly billing). For Yarra Valley Water, four bills cover a 12 month period as meters are read four times a year.

The majority of residential meters are read manually, once every three months. Where meters cannot be accessed (for example behind locked gates) and cannot be physically read every quarter an estimate is used.

The proposed reduction in the timeframe for recovery of amounts undercharged to four months means that in the case where an actual read is subsequently obtained and is higher than the estimate (e.g. at the next quarterly meter read), the outstanding amounts may not be able to be recovered from that customer.

In light of the above considerations, we do not support the draft amendment in its current form. Our current approach is 12 months, which is our preference going forward. Should a shorter timeframe be preferred we believe at this stage the minimum time period should at least six months or two meter reading periods. Should the widespread uptake of digital meters occur in the water sector in the future, it would then be appropriate to align with the energy industry.

## What is your view on whether our proposed amendments to the reminder and final notices are appropriate?

We do not support the proposed amendment to clause 15.2 to require a reminder notice two days after the due date has passed. We support retaining a longer 'grace period' before sending a reminder. This avoids unnecessarily alarming-customers and subsequent calls from customers. For example a customer may have paid their bill on the due date via BPAY but it can take 48 hours to be processed.

We recommend the wording be amended to ensure clarity for the customer on the dates by which payments must be made to avoid further action (rather than use the term 'due date' in relation to each notice). This will also avoid potential requirements to update our billing and reporting systems.

# We seek stakeholder feedback on the proposed checklist and whether it meets the varied communication needs of customers.

We understand that this checklist relates to the new Clause 15.4 Communication requirements – which will be replacing the current Hardship GSL checklist.

We support the proposed amendments with one exception. The 90 days from the due date of the bill could prove difficult from an operational perspective. Often by the time the debt is large enough for us to take more serious action such as legal action, the debt relates to two or three or more quarters worth of bills, so technically we would fail this for oldest outstanding bill.

We propose alternative wording as follows for clause 15.4(b): The reasonable endeavours must be carried out within a period of 90 calendar days prior to seeking to restrict water supply or take legal action for non payment.

The table below includes proposed amendments to a number of clauses in the Draft Water Industry Standard, as well as further information explaining our rationale, reasoning, concerns and areas for further consideration.

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
Part A – Introduction	Support		We note the proposed start date of 1 January 2023. Depending on the content and release date of the final Codes there may be some elements that require a longer lead time to implement and will be worked through during 2023.
1. Connection and service provision including sub- clauses	Support		
2 Charges 2.1 Variation	Not supported	We propose retaining words from the 2020 Code as below: A water business must notify each customer of any proposed variation in charges for services on or with the first bill after the decision to vary the charges has been made	<ul> <li>We do not support this as we do not consider it provides a practical customer benefit.</li> <li>We understand there can be benefits to energy customers receiving 5 days notice in advance because of the ability to change service provider, however this same opportunity does not exist in the Victorian water sector.</li> <li>Water corporations rely on inputs and decisions from other parties where we bill on their behalf. We may not always receive the necessary price information in a timely manner to enable this change to be implemented.</li> <li>This is noted as a minor amendment, however we estimate costs to implement could be approximately \$500,000 per annum based on the cost of postage and system updates.</li> <li>In addition to notification in the first bill following the decision, we will continue to advertise our prices every year in a daily newspaper prior to 1 July each year.</li> </ul>

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
3. Permitted Use	N/A - no changes proposed		
4. Sustainable use of water	N/A – no changes proposed		
5. Meter readings 5.1 Customer self-reads	Support – proposed amendment to provide additional clarity	<ul> <li>We support the inclusion of a section relating to customer self-reads in the Code.</li> <li>We propose the following to replace the proposed 5.1 (a).</li> <li>(a) A water business must accept a customer self-read in a format approved by the water business, after the customer has received a bill based on an estimated read.</li> </ul>	We note the proposal to include self-read in clause 25. Definitions that references the need for the method to be approved by the water business. For clarity we propose the requirement for the self-read format to be approved by the water business is included in the clause itself.
5.2 Special Meter Reading	Support		
5.3 Data and digital water metering	Support		The Commission may wish to consider whether a policy, procedure or both is appropriate here.
6 Billing 6.1 Billing cycle 6.2 Issue of bills 6.3 Content of bills 6.4 Explanation of charges 6.5 E-bill	Support		

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
6.6 Presentation of customer water usage			
6.7 Adjustment of bills	Partially support	We support the additional clarity provided in this section. However, we do not support the change in the undercharging period to four months in 6.7(a)(i). We propose retaining the words from the existing Code as follows: (i) except in the case of illegal use, the amount is limited to the amount undercharged in the twelve months prior to the water business notifying the customer that undercharging has occurred;	We understand this clause and approach is being proposed to align with the energy sector. The amendments being proposed align the approach with the energy sector. There can be advantages for customers and the customer welfare sector in aligning practices of the water and energy sectors. However, currently the frequency of meter reads and billing in the energy sector is much higher than in the Victorian urban water sector. For example, in the electricity sector four months of usage often results in four bills (monthly billing). For Yarra Valley Water, four bills cover a 12 month period and as meters are read four times a year. The majority of residential meters are read manually, once every three months. Where meters cannot be accessed (for example behind locked gates) and cannot be physically read every quarter an estimate is required. The proposed reduction in the timeframe for recovery of amounts undercharged to four months means that in the case where an actual read is subsequently obtained and is higher than the estimate (e.g. at the next quarterly meter read), the outstanding amounts may not be able to be recovered from that customer. In light of the above considerations, we do not support the draft amendment in its current form. Our current approach is 12 months, which is our preference going forward but we believe at this stage the minimum time period should at least six months or two meter reading periods. Should the widespread uptake of digital

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			meters occur in the water sector in the future, it would then be appropriate to align with the energy industry.
7.1 Payment methods	Partially support	We support the proposed amendment to Payment methods.	We prefer providing easy options such as EFT, direct debit, centre pay and credit card.
		However, we request that (a)(ii)mail is deleted as a payment method by which water businesses must accept payment from customers.	It should be noted that Westpac, who is a banking service provided under the existing (new) state banking contract no longer processes cheques. Our customers will still have the option of paying by cheque and
			being processed in person at an agency or payment outlet.
7.2 Flexible payment plans	Support		We are assuming that 7.2(a) only applies to residential customers and small business. We request the Commission clarify this in the final Industry Standard.
7.2 Flexible payment plans (a) (iv)	Partially support	We propose 7.2(a)(iv) is drafted as follows:	Suggested amendment for clarity.
		(iv) be able to be modified, at the request of a customer, to accommodate change in their circumstances, <i>in accordance with</i> <i>the business' customer support policies</i>	
8 Proactive customer engagement	Partially support	We support the inclusion of the Proactive Customer Engagement section. We propose that the introductory statement for section 8 is amended as	The suggested amendment removes the requirement to 'identify' customers who may be experiencing payment difficulties. Although we can use our data to identify potential vulnerability and proactively engage, we still require customers to self-identify if they need additional support. Therefore our suggested amendment
		follows:	seeks to more clearly align with our understanding of the intent of this clause.
		A water business must have policies or procedures that promote proactive engagement with residential customers,	We also suggest consistent use of the phrase 'policies or procedures' throughout the Industry Standard rather than 'policies and procedures' as the terminology does not have standard

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		including provision of information and assistance to customers who may be experiencing payment difficulties.	definitions and this allows some flexibility to determine the appropriate approach.
8 Proactive customer engagement (a)(i)	Partially support		We request clause (a)(i) is amended to more clearly explain the requirement as we consider the existing wording is unclear. 8(a)(i) – It is unclear what is meant by 'service availability offered by a water business and interruptions'?
9 Customer's chosen representative or support person	Partially support	We support the inclusion of the section Customer's chosen representative or support person. We propose that the introductory statement for section 9 is amended as follows: A water business must have policies or procedures in place to communicate with a customer's chosen support person or other representative, when they contact us.	We suggest removing the requirement for water businesses to identify a support person or other representative as it is not feasible to proactively identify a customer's support person. In relation to communication, we have existing processes to note an authorised representative on the account that we can talk to, particularly in relation to billing or payment support (often for a fixed point of time), as well as arrangements to redirect the bill as per Clause 10.1. Suggest clear and consistent use of 'policies or procedures' as per comment against Clause 8.
10.1 Payment Assistance (a)	Partially support		Requires clarification about which type of customers this relates to (residential, small business etc).
10.1 Payment Assistance (b)	Partially support	We propose 10.1(b) is drafted as follows: A water business must adopt an approach that is appropriate to that customer's circumstances on a case-by-case basis.	We suggest removing the specific identification of flexible payment plans from this clause as there are multiple ways by which a water business can offer support to customers. In addition we note that flexible payment plans are required to be offered to customers as part of $10.1(c)(i)$ .

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10.1 Payment Assistance (c) (iii)	Requested change to existing clause	We propose 10.1(c)(iii) is drafted as follows: redirection of a bill to another person for payment if both parties agree We also propose that 10.1(c)(iii) is moved to section 10.1(d).	<ul> <li>We note that both parties need to agree to a bill being redirected to another person. While bills can be redirected to someone else, the responsibility for payment remains with the account holder. This is an existing clause, however no longer reflects current practice.</li> <li>This type of consent is generally obtained over the phone, with calls recorded, appropriate notes made and privacy checks. The requirement for consent to be provided in writing would be cumbersome as arrangements could take weeks and multiple contacts to establish.</li> <li>There is also a need to consider Family Violence impacts of putting a bill in someone else's name.</li> <li>We recommend this clause is moved to 10.1(d) as something a water business 'may' offer, rather than its current status where it 'must' be offered. We currently offer it in a conversation if we feel that it would be of assistance - mandating this would potentially cause confusion and unnecessarily add to the duration of the conversation.</li> </ul>
10.1 Payment Assistance (c)(vii)	Partially support	We support including a requirement for water businesses to support customers that may be eligible for a Utility Relief Grant. We propose 10.1(c)(vii) is drafted as follows: (vii) support for a customer who may be eligible for a Utility Relief Grant to complete the application form, including lodging on behalf of the customer (unless they request otherwise)	While we currently follow the approach outlined in the proposed amendment, we suggest the clause is overly prescriptive and may not be future proof. We have therefore proposed an amendment that we consider retains the intent of the clause while allowing sufficient flexibility to allow for changes in URG processes etc.

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10.1 Payment Assistance (d)(iii)	Not supported	Remove this clause	We would support this clause once we had digital metering.
10.1 Payment Assistance (d)(v)	Not supported	Remove this clause	We offer this to some customers and it will continue to be offered as part of our approach to supporting customers. However we do not support it being explicitly identified in the Industry Standard.
10.2 Customer Support policy – residential customer	Partially support	We support the Commission's approach to the Customer Support policy. We propose the Commission structure this section based on the structure of section 11. Family Violence.	
10.2 Customer Support policy – residential customer (c)(i)	Partially support	We propose 10.2(c)(i) is drafted as follows: (i) include policies, practices or procedures for:	We suggest consistent use of 'policies or procedures' as per comment at Clause 8. As currently drafted, it requires policies to include practices and procedures which may not be practicable.
10.3 Customer Support policy – small business customer	Partially Support	We support the inclusion of a support policy for small business customers. We recommend removing 'waiving interest accrued' & 'waiving the debt' from the list of options.	We support the inclusion of example assistance measures for small business, except for 'waiving interest accrued' and 'waiving the debt'. 'Waiver' measures are available to assist customers experiencing hardship, but their application should be at the discretion of YVW on a case-by-case basis, with the customer's circumstances considered. Waiving of interest accrued/debt owed (which may be a larger amount in comparison to waiving a late fee) would preferably be considered as a last resort. There would be a preference for these particular 'waiver' measures not to be included in the published codes.
11 Family violence	Support		

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
12 Special needs	Support		Whilst this is an existing clause, it relates to handling and recording sensitive customer information and requires consideration of ethical data capture and handling. It would be helpful to have greater clarity of the Commission's definition of special needs (guided by health advice), and we suggest that this should pragmatically focus on longer term needs (e.g. serious health issues).
			We also seek clarification around whether this clause is expected to relate to commercial customers. If so, there is a need to undertake further work to understand how this would apply to different types of businesses.
13 Information (comments on 13.6 below)	Support		
13.6 Communication assistance	Partially support	We propose 13.6(a) and 13.6(b) are combined and drafted as follows: A water business must use reasonable endeavours to ensure that their communication channels (digital and non- digital) are accessible, and that information is easy to understand and available in a range of formats.	<ul> <li>We support the intent of accessible communications and understand the need to ensure reasonable endeavours to avoid discrimination.</li> <li>We suggest an appropriate focus for this Industry Standard would be to specify that communications are accessible (aligned with and cross-checked against) existing anti-discrimination requirements and Victorian Government guidelines. We consider this would encourage systemic change and investment, rather than keeping the focus at an individual, case by case level.</li> <li>It is not clear what the intent is of (b) versus (a).</li> </ul>
14 Complaints and disputes	Support		

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
15 Collection	Partially support	We support the provision of additional clarity related to Actions for non-payment and collection, subject to the comments below.	
15.2 Reminder notices (a)	Partially support	We propose 15.2(a) is drafted as follows: (a) A water business must send a customer reminder notice of an unpaid bill, no later than ten business days after the due date if the bill is not paid by the due date.	We do not support the proposed amendment to require a reminder notice two days after the due date has passed. We do not consider this reflects practicalities of payments systems, for example BPAY can 48 hours to clear. We support retaining a longer 'grace period' such as ten days before sending a reminder, to avoid unnecessarily alarming customers and subsequent calls from customers.
15.2 Reminder notices (b)			What is the clause being referred to? There is an error message in the document.
15.2 Reminder notices (c) (iv)	Partially support	We propose 15.2(c)(iv) is drafted as follows: (iv) the date by which the reminder notice must be paid in order to avoid the process under clause XXXXX being initiated. This date must not be earlier than six business days from the issue date of the reminder notice	Use of the phrase 'due date' implies a new 'due date' is set, which impacts our billing system and the way we record overdue debt status - both of which would require significant investment to adjust. We recommend that "due date" remains the due date of the original bill, and that the clause is amended to advise a date by which payment must be made to avoid further action.
15.2 Reminder notices (c)(v)	Partially support	We propose that 15.2(c)(v) be drafted as follows: that payment of the overdue bill is required to be made before the date referred to in 15.2(c)(iv)	The wording implies a new 'due date' is set which impacts our billing system and the way we record overdue debt status - both of which would require significant investment to adjust. We recommend that "due date" remains the due date of the original bill, and that the clause is amended to advise a date by which payment must be made to avoid further action.

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
15.2 Reminder notices (c) (viii)	Partially support	We propose that 15.2(c)(viii) is drafted as follows: a warning of further action that the water business may take; and	To advise that there is a Final Notice which will be issued after this could encourage customers to ignore this notice and wait until the subsequent notice, which would incur extra costs.
15.3 Final notices (a)	Partially support	We propose that 15.3(a) is drafted as follows: A water business must send a customer a Final Notice of an unpaid bill within 21 days of the date of issue of the reminder notice if the bill remains unpaid after the reminder notice was issued	The proposed amendment provides additional clarity and certainty in terms of issuing the Final Notice to a customer.
15.3 Final notices (b) (iii)	Partially support	We propose that 15.3(b)(iii) be drafted as follows: (iii) the date by which payment must be made to avoid further action, which must not be earlier than 6 business days after the issue of the final notice	The wording implies a new 'due date' is set which impacts our billing system and the way we record overdue debt status - both of which would require significant investment to adjust. We recommend that "due date" remains the due date of the original bill, and that the clause is amended to advise a date by which payment must be made to avoid further action.
15.3 Final notices (b) (iv)	Partially support	We propose that 15.3(b)(iv) is drafted as follows: (iv) a statement that payment of the overdue bill is required to be made before the date referred to in 15.2(c)(iv)	The wording implies a new 'due date' is set which impacts our billing system and the way we record overdue debt status - both of which would require significant investment to adjust. We recommend that "due date" remains the due date of the original bill, and that the clause is amended to advise a date by which payment must be made to avoid further action.
15.3 Final notices (b) (vi)	Not supported	Delete this clause	This clause should also be added to the Reminder Notice section as some water businesses use the external debt collection company to issue the Final Notice. As written, the clause implies this is required to be brought back in house - which would require investment and would not be likely to be able to be implemented by 1 January 2023.

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
15.4 Communication requirements	Support		We support the inclusion of communication requirements checklist. We support the proposed amendments with one exception outlined below.
15.4 Communication requirements (b)	Partially support	We propose that 15.4(b) is drafted as follows: (b) The reasonable endeavours must be carried out within a period of 90 calendar days prior to seeking to take legal action for non-payment or restrict water supply	We note that 90 days commencing on the due date of the bill could prove difficult from an operational perspective. Often by the time the debt is large enough for us to be taking the more serious action such as legal or restriction, the debt relates to two or three or more quarters worth of bills, so technically we would fail this for oldest outstanding bill.
15.5 to 15.8	Support	n/a	
16.1 Restrictions to be measure of last resort	Partially support	We consider both restrictions and legal action should be considered measures of last resort.	If the restriction of a customer's water supply for non-payment must be a measure of last resort, this implies that taking legal action or default credit listing are measures of earlier resort. Both measures have severe outcomes for customers. Legal action is considerably expensive, and default credit listing damages credit scores, making access to credit harder and more expensive to secure, and stays on a person's file for 5 years.
16.2 Limits on restrictions and legal action	Support	n/a	
16.4 Life support	Partially support		Suggest covering this under Clause 12 (special needs) and/or that it is already covered by the health hazard mentioned in 16.3 (c)
16.5 Restriction and legal action (c) (i)	Question		Clause is missing (error message)
17 Quality of services	Support	n/a	

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
18.1 Obligation to provide reliable services	Support		
18.2 Service standards	Not supported	We propose retaining the existing approach to Service Standards and Guaranteed Service Levels.	<ul> <li>We consider the existing approach to Service Standards and GSLs is preferred to ensure minimum standards for customers are maintained as well as driving improved outcomes.</li> <li>We are not clear on the expected improvement in outcomes for customers from the proposed amendments, including the change from 'number of customers' to setting a 'maximum number' for some service standards while retaining average minutes for other service standards. We are also not clear on the rationale for moving away from a consistent approach using historical performance to set these service standards for each water business.</li> <li>We therefore suggest retaining the existing service standards and approach and would be happy to discuss this further.</li> </ul>
18.3 – 18.5	Support		
19 Reconnection	Support		No changes proposed
20 Guaranteed Service Levels	Support		
21 Works and Maintenance	Support	n/a	

Clause & sub- clause in the new Standard	Support / partially support / not support / Question	YVW proposed amendment to ESC draft wording	Further detail
22 Requirement for Charter	Support		
23 Content of Charter	Support		
24 Publication of Charter	Comment	24.3(b) – replace the reference to 'guidelines issued by the Victorian Multicultural Commission'.	The referenced guidelines do not appear to be available on the VMC website. We suggest the clause is drafted to retain relevancy if the guidelines are superseded.
25 Definitions	Support		
Schedule 1 – Service standards	Not supported		Refer to comments on clause 18.2.