

A year in review – water sector response to coronavirus

Covering weekly data from 26 April 2020 to 2 May 2021

This report marks 12 months since we began collecting weekly data and reporting on the water sector's response to support customers throughout the coronavirus pandemic. This special edition report takes a broader look at trends across the past year. It also includes comparisons of the level of support customers accessed from individual water businesses in April 2021 and the change in the level of support accessed from May 2020 to April 2021 for each of the following indicators:

- Hardship program participation
- Government utility relief grant applications
- Water business hardship grants
- Instalment payment plan uptake
- Payment extension requests

Our primary focus as a regulator is to promote the long-term interests of Victorians. We continue to work closely with water businesses to ensure water customers are supported, especially during the coronavirus pandemic.

We have regularly engaged with water businesses to understand the support provided to customers affected by the pandemic. Some of the ways we have done this include:

- conducting periodic interviews with water business staff
- collecting weekly data on selected hardship indicators (this data forms the basis of this report).

Our engagement with the sector and our performance monitoring revealed that water businesses have stepped up efforts to support their customers during the pandemic, allowing greater access to a range of financial support services. This includes extending support services to small business customers affected by the pandemic. While overall the water sector's response to support customers during the pandemic has been positive, there is variability in performance between water businesses. Many businesses have also expressed concerns about rising aged debt levels across the past year.

Timeline



Snapshot

For every 10,000 Victorian water customers:

Historical baseline ¹	At end of May 2020	At end of April 2021
555 were on instalment plans	505 were on instalment plans	556 were on instalment plans
71 were on hardship programs (at 26 April 2020)	71 were on hardship programs	93 were on hardship programs
0.9 customers were awarded a hardship grant in a week	2.0 were awarded hardship grants per week in May 2020	2.1 were awarded hardship grants per week in April 2021
0.6 customers applied for a utility relief grant in a week	1.7 applied for utility relief grants per week in May 2020	1.4 applied for utility relief grants per week in April 2021

Key Insights

- **Victoria’s water businesses continue to provide additional support to customers throughout the pandemic.** Water businesses have been proactive in reaching out to customers, including small business and other non-residential customers, to ensure they are aware of existing support programs as well as new support measures developed in response to the pandemic.
- **Statewide there has been a steady increase in trust.** Customer trust in their water business has continued to improve throughout the pandemic. Results from our latest customer survey conducted last month show customer trust in their water business has risen slightly. For the remaining measures – value for money, reputation in the community, and overall satisfaction – customer sentiment was unchanged from the previous survey conducted in February 2021. Further details of these results are available on our website at: www.esc.vic.gov.au/how-customers-rate-their-water-business.
- **Over the past 12 months, the total number of customers in hardship programs has steadily increased and continues to rise.** The increase has been greater in metropolitan areas with 6,193 more customers now on hardship programs (a 42 per cent increase). In regional areas the increase has been slower with 747 more customers on hardship programs (a 14 per cent increase). The largest increase in the total number of customers on hardship

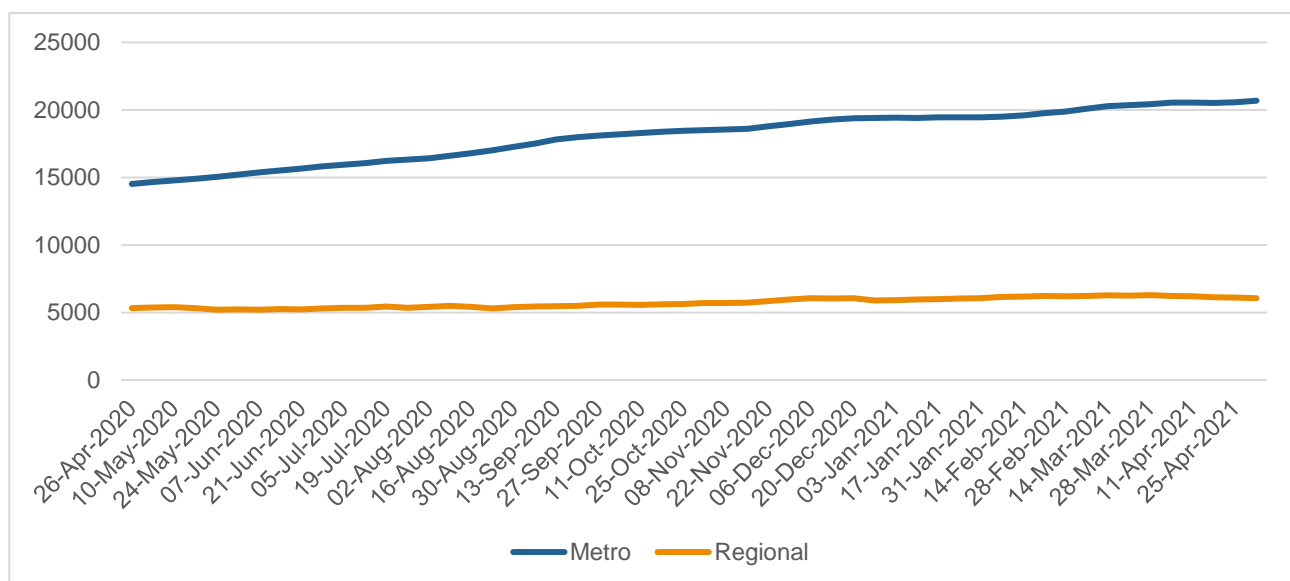
¹ For most measures the historical baseline shows a typical weekly figure for the measure which we calculated using available data reported to us in previous years as part of normal annual performance reporting. Our methodology for calculating these historical baselines is outlined in Appendix A of this report. Since the earliest data available for customers on hardship programs was data from 26 April 2020, this is used as the baseline for this measure only.

programs came in late August, during Melbourne's second lockdown and at the peak of coronavirus cases, when the total number of customers increased by 332 in a week.

- **Weekly utility relief grant applications remain high, especially in metropolitan areas.** Despite fluctuations week to week, throughout the pandemic the application rates from metropolitan customers have remained well above the pre-pandemic baseline. Metropolitan applications peaked in mid-September coinciding with the announcement of stage four restrictions in Melbourne during Victoria's 'second wave'. On average there are 434 weekly metropolitan applications which is almost four times the pre-pandemic metro baseline of 116 weekly applications. Weekly regional applications have mostly remained above the pre-pandemic baseline. On average there are 91 weekly regional applications which is 57 per cent above the pre-pandemic regional baseline of 58 weekly applications.
- **The number of customers receiving hardship grants has varied, with more regional customers receiving grants than metropolitan customers.** On average each week, 397 regional customers are awarded a hardship grant from their water business (more than five times the pre-pandemic regional baseline of 75 customers per week) and 144 metropolitan customers are awarded a hardship grant (about 15 per cent lower than the pre-pandemic metro baseline of 170 customers).
- **Payment instalment plans have remained relatively steady.** Customers have generally opted for other support measures during the pandemic, suggesting those customers seeking assistance are struggling with cash flow issues as opposed to money management issues. Throughout the pandemic the number of metropolitan customers on instalment plans increased only slightly by 3 per cent (or by 3,168 customers). The number of regional customers on instalment plans is in line with the pre-pandemic baseline.
- **Water businesses stopped restricting customers' water supply and have only initiated one legal action for non-payment of bills since at least late April last year.** Although there are no new restrictions, at the start of May this year 104 customers across the state still had their supply restricted (98 of which were residential restrictions), down from 212 in late April last year.² Water businesses told us that the remaining residential restrictions are largely placed on vacant properties and properties with water leaks, usually at the property owner's request.
- **The number of payment extensions granted each week has fluctuated.** We started collecting this data in November last year and an average of 6,579 payment extensions have been granted each week – 813 granted to non-residential customers, 987 to residential concession customers and 6,579 to residential non-concession customers. The highest number of extensions granted in a week was 8,451 in the last week of November last year, the week after the strictest coronavirus restrictions were relaxed in Melbourne.

² Water businesses had commenced removing restrictions before our monitoring commenced in late April 2020.

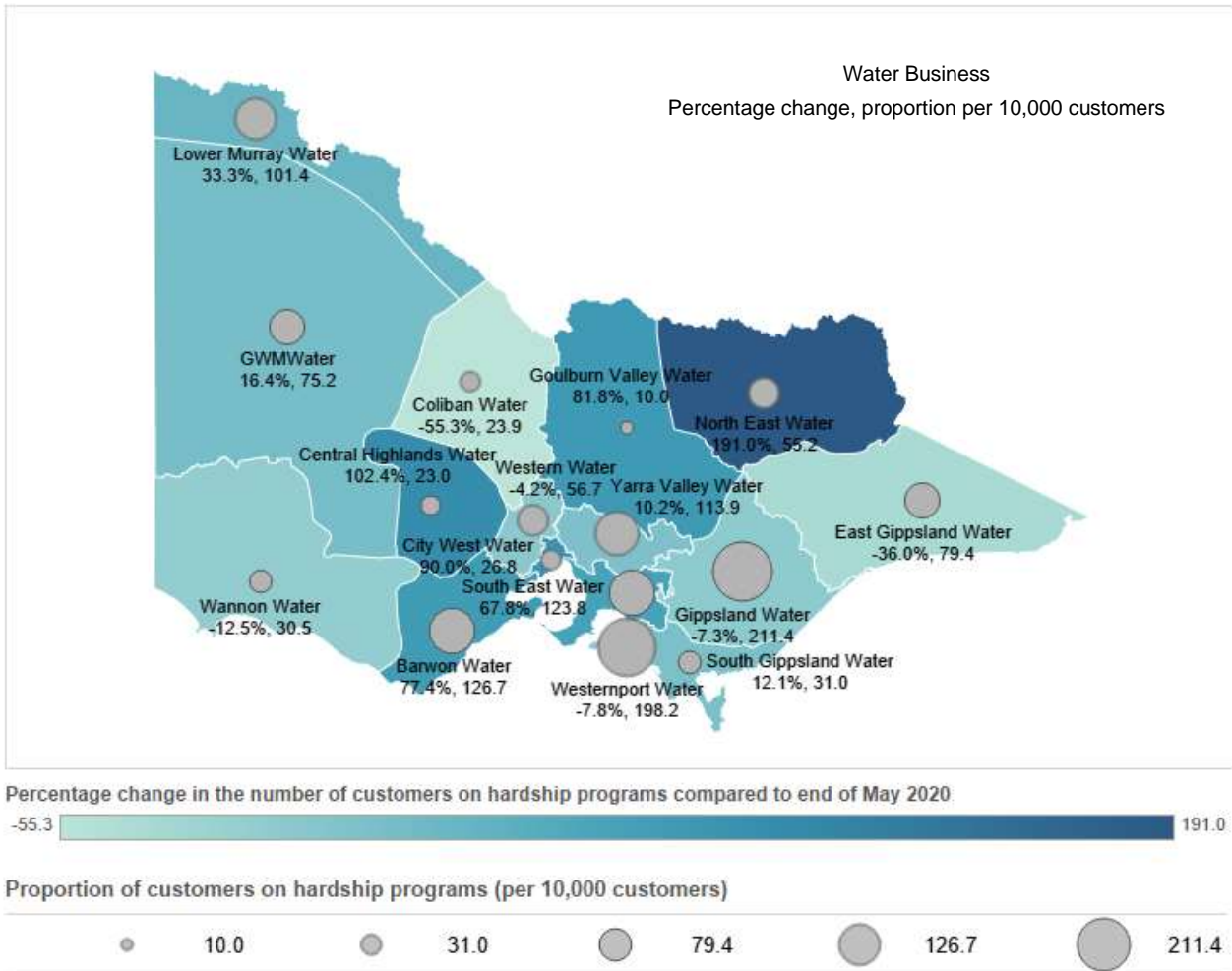
Number of customers in hardship programs at end of week



- In the last 12 months the number of metropolitan customers on hardship programs has increased steadily and continues to rise, increasing by 6,193 customers (42 per cent) to 20,714 since late April 2020.
- The number of regional customers on hardship programs has increased at a slower rate, increasing by 747 customers (14 per cent) over the same time.
- The largest increase in the total number of customers on hardship programs came in late August, during Melbourne’s second lockdown and at the peak of coronavirus cases in Victoria, when the total number of customers increased by 332 in a week.
- Recently the number of regional customers on hardship programs has begun to decline and for each week in April 2021 there was a decrease reported.
- On average, 435 customers have entered water business hardship programs each week across this period, while 305 customers have exited.

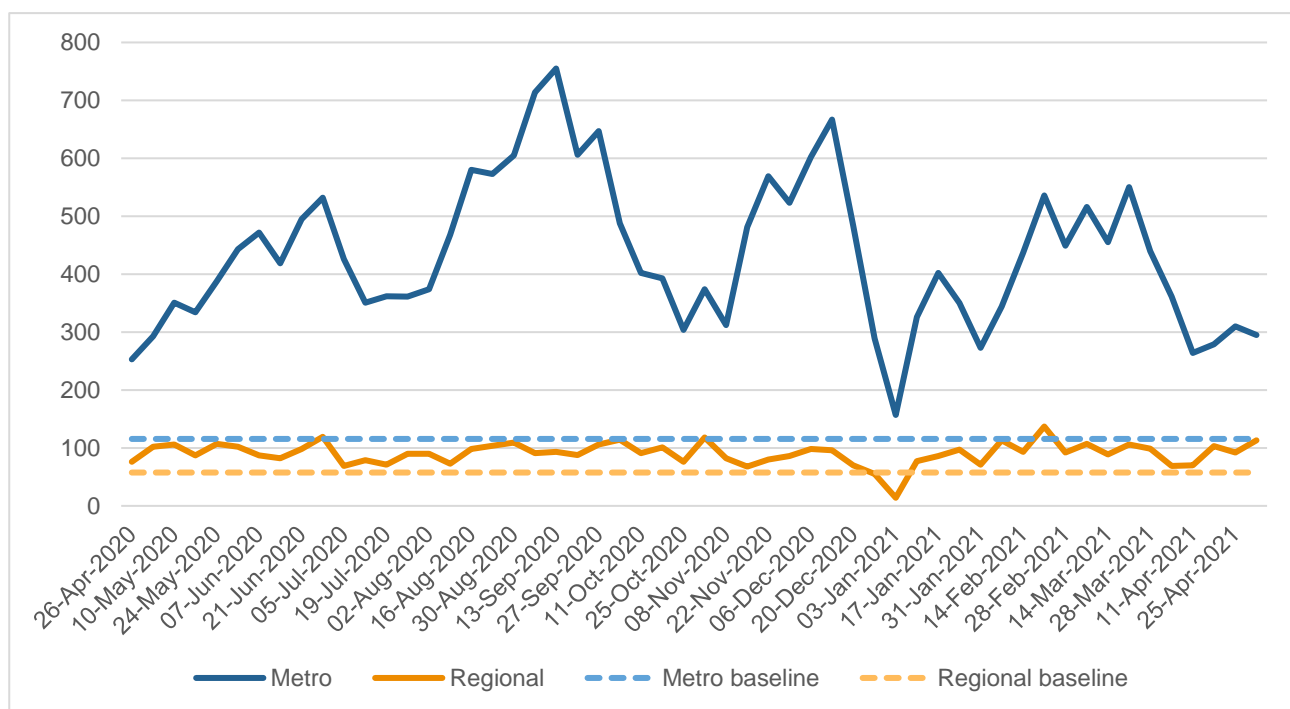
Customers on hardship programs at end of April 2021 (comparison to end of May 2020)

State:  30.8% Metro:  35.9% Regional:  15.7%



- Across both regional and metropolitan areas, the proportion of customers on hardship programs was higher at the end of April this year when compared to the end of May last year.
- Gippsland Water (211.4 per 10,000 customers) and Westernport Water (198.2 per 10,000 customers) continue to have the largest proportion of customers on hardship programs.
- Goulburn Valley Water has the smallest proportion of customers on hardship programs (10.0 per 10,000 customers), while also having the fourth largest percentage increase in customers on hardship programs since May last year (81.8 per cent).
- North East Water had the largest percentage increase in customers on hardship programs (191.0 per cent).
- Coliban Water had the largest decrease in customers on hardship programs (55.3 per cent).

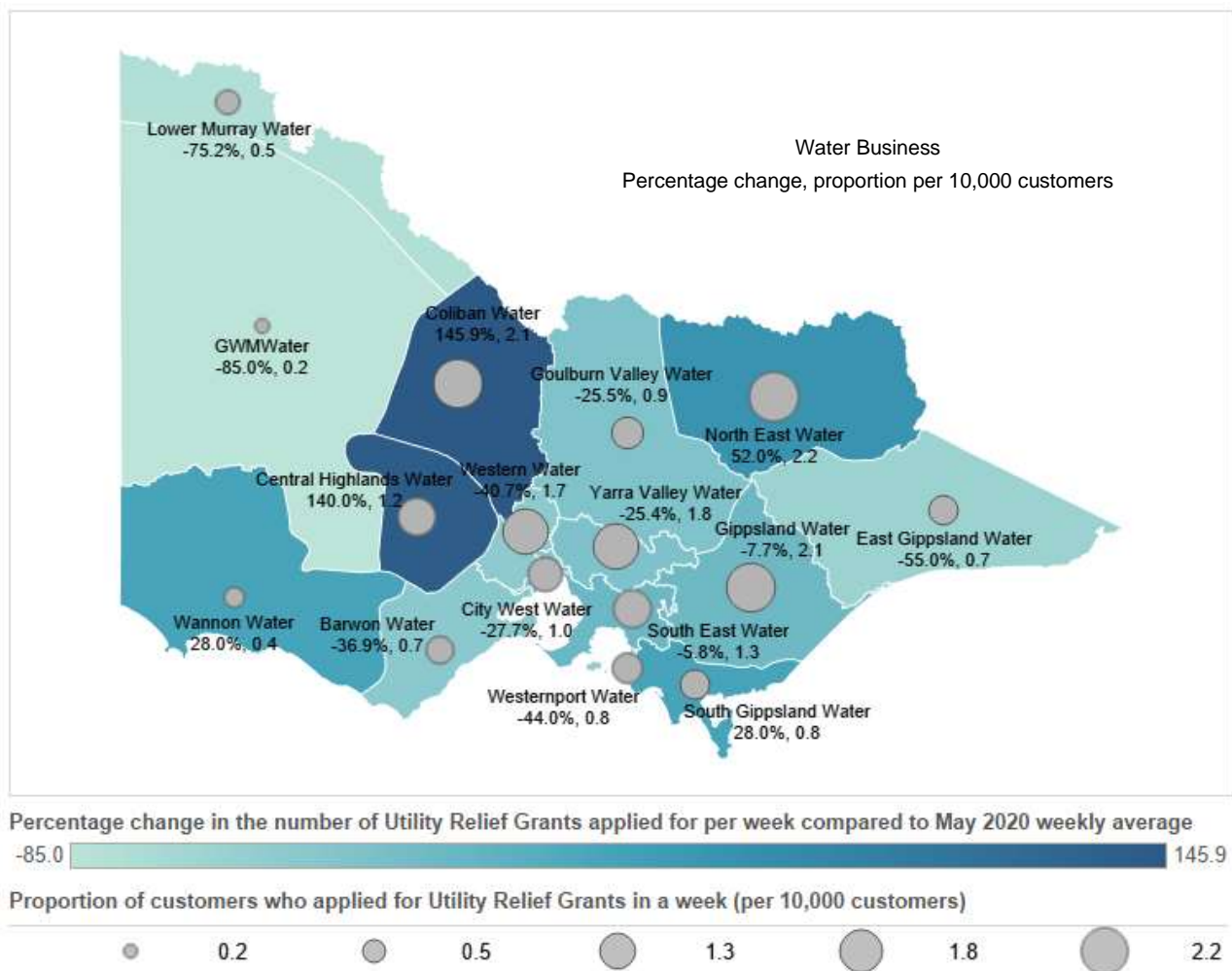
Number of Utility Relief Grants applied for each week



- Over the last 12 months, while the number of utility relief grant applications by regional Victorian customers has typically fluctuated between the regional and metropolitan baseline figure, the number of metropolitan utility relief grant applications submitted each week has fluctuated well above the metropolitan baseline.
- The cyclical pattern in metropolitan applications largely aligns with Yarra Valley Water’s billing sequencing. Each week Yarra Valley Water accounts for about half (53% on average) of the total metropolitan utility relief grants.
- On average across the reporting period 525 utility relief grant applications are submitted each week, 434 from metropolitan customers (just under four times the pre-pandemic metro baseline of 116 weekly applications) and 91 from regional customers (57 per cent higher than the pre-pandemic regional baseline of 58 weekly applications).
- Since late April 2020, the highest number of applications submitted in a week was 848 in the week ending 13 September 2020 – this coincided with the announcement of continued stage four restrictions in Melbourne during the ‘second wave’ of coronavirus cases in Victoria.
- The lowest number of applications submitted in a week was 171 in the week ending 3 January 2021. This aligns with the Christmas and New Year’s Eve holiday period, when people may not be considering their utility bills.

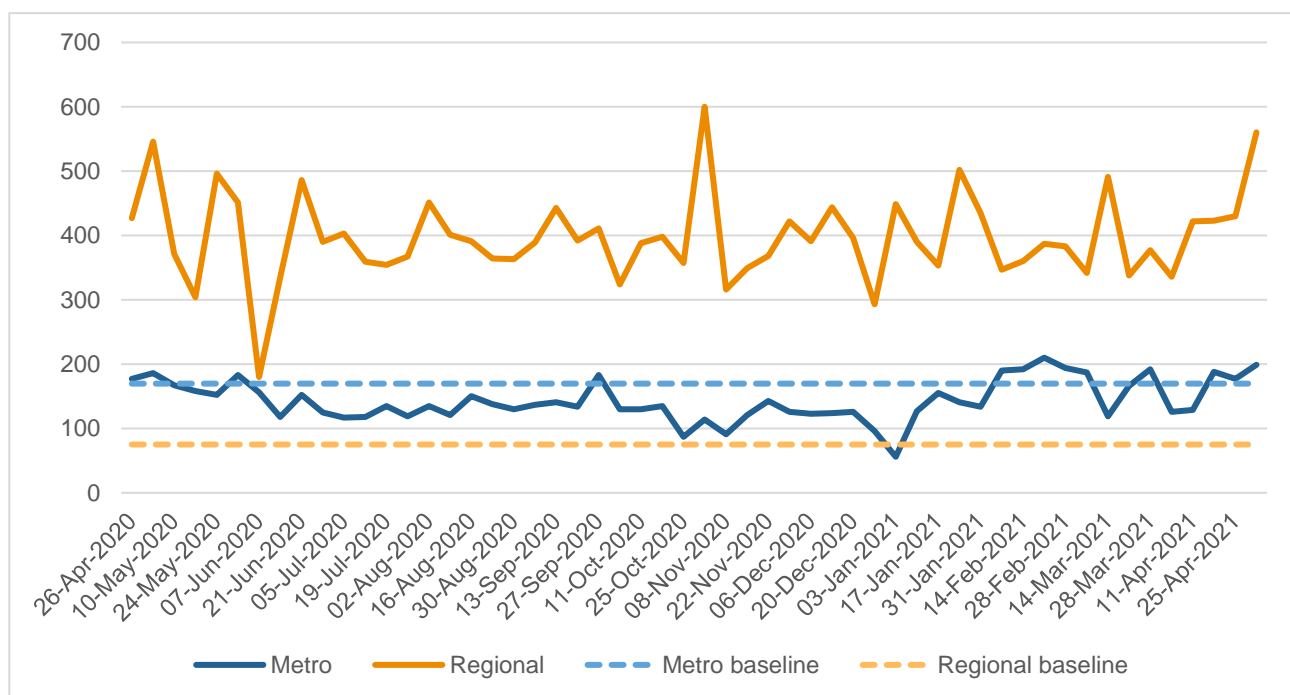
Weekly average utility relief grant applications in April 2021 (comparison to May 2020 weekly average)

State:  18.4% Metro:  20.4% Regional:  11.0%



- While still well above the pre-pandemic baseline, on average fewer metropolitan and regional customers applied for the utility relief grant in April this year compared to May last year.
- In April this year, North East Water (2.2 per 10,000 customers), Coliban Water (2.1 per 10,000 customers) and Gippsland Water (2.1 per 10,000 customers) had the largest proportion of customers applying for utility relief grants each week.
- Coliban Water also had the largest percentage increase in utility relief grant applications in April this year compared to May last year (a 145.9 per cent increase), followed closely by Central Highlands Water (a 140.0 per cent increase).
- GWMWater had the lowest proportion of customers applying for utility relief grants (0.2 per 10,000 customers) and the largest percentage decrease in utility relief applications (an 85 per cent decrease).

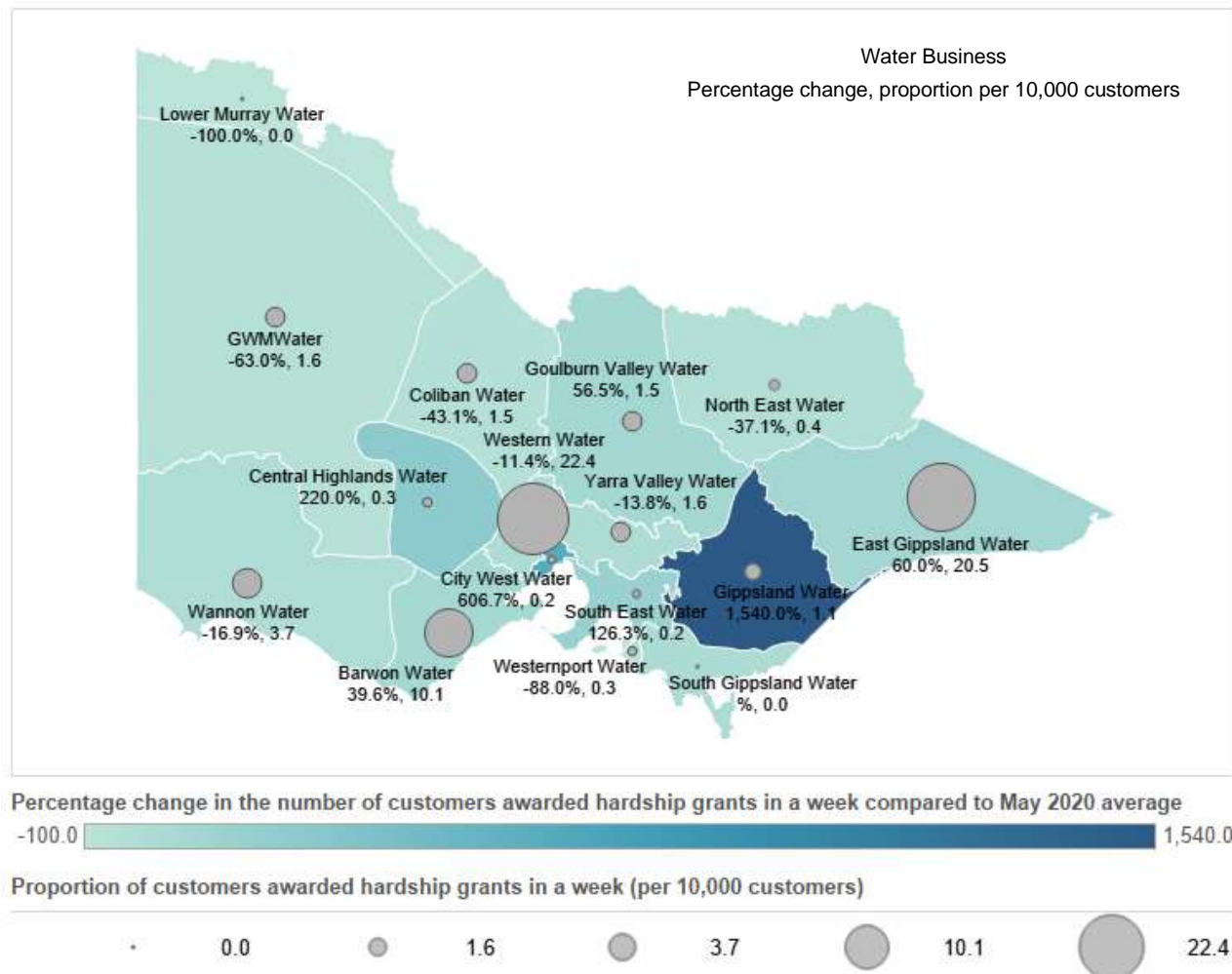
Number of customers receiving hardship grants during week



- Since late April last year, the number of customers receiving hardship grants each week has varied markedly. Despite the variation, the number of regional customers awarded hardship grants each week has remained well above the pre-pandemic regional baseline, while the number of metropolitan customers awarded hardship grants has largely stayed under the pre-pandemic metro baseline.
- Regional customers being awarded hardship grants peaked at 600 in one week, in the last week of October 2020.
- Since reaching a low of 56 grants in the new year, metropolitan customers receiving hardship grants each week has been trending upwards (with a peak of 210 applications in mid-February) and for much of 2021 has been above the pre-pandemic metro baseline.
- The highest total number of customers awarded grants in a week within this period was 759 in the week ending 2 May 2021, and the lowest number was 336 in the week ending 7 June 2020.
- On average, 397 regional customers are awarded hardship grants each week (more than five times the pre-pandemic regional baseline of about 75 customers each week), and 144 metropolitan customers are awarded grants each week (about 15 per cent below the pre-pandemic metropolitan baseline of 170 customers each week).

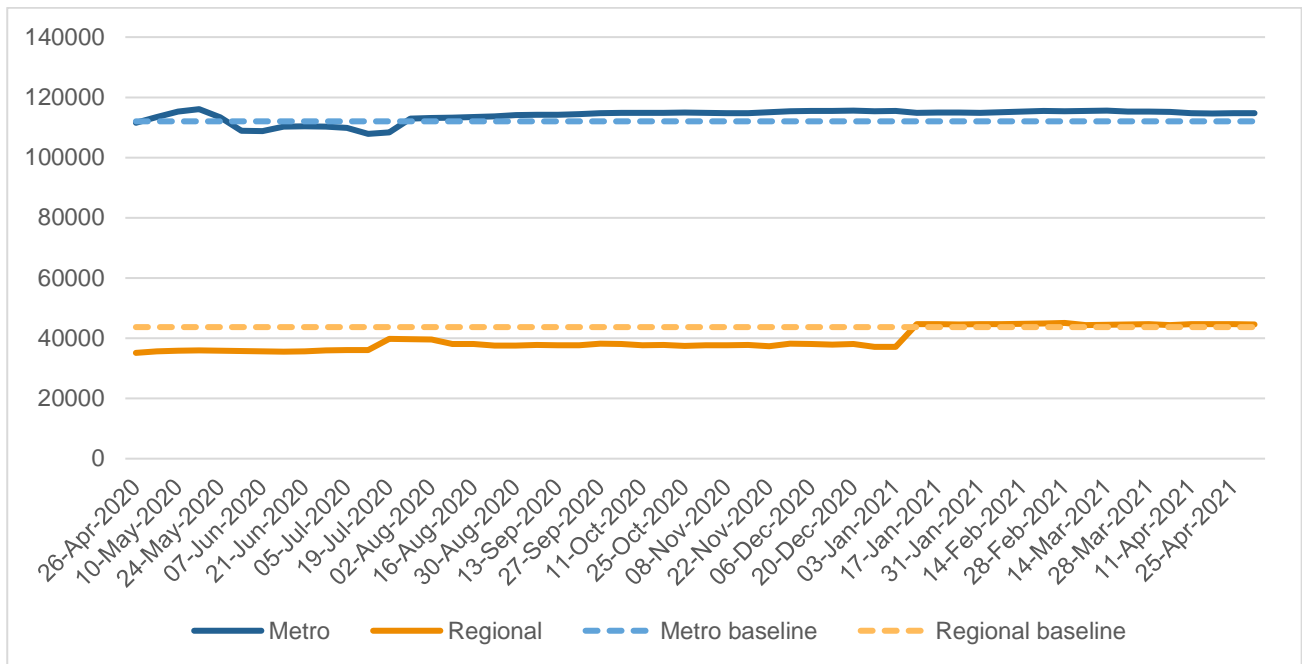
Weekly average hardship grants awarded in April 2021 (comparison to May 2020 weekly average)

State:  4.8% Metro:  0.7% Regional:  7.21%



- The number of customers awarded grants has fluctuated significantly week by week throughout the pandemic.
- More regional customers, but fewer metropolitan customers were awarded hardship grants on average each week in April this year compared to May last year.
- Western Water (22.4 per 10,000 customers) and East Gippsland Water (20.5 per 10,000 customers) continue to award hardship grants to the highest proportion of customers.
- Gippsland Water has had the largest percentage increase of customers awarded hardship grants (a 1,540.0 per cent increase).
- Lower Murray Water and South Gippsland Water have not awarded any hardship grants since September last year.

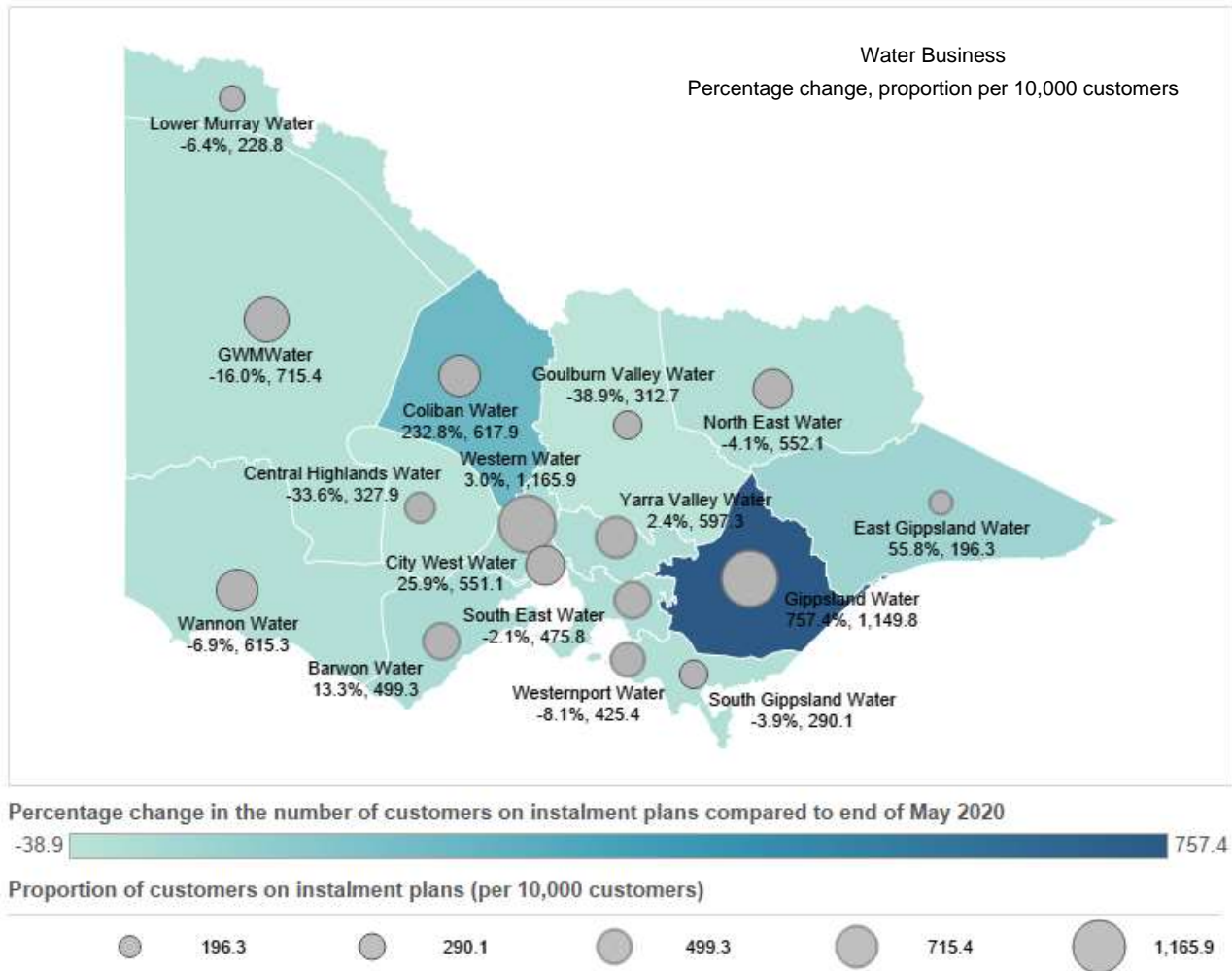
Number of payment instalment plans in place at end of week



- The number of customers on instalment plans in both regional and metropolitan Victoria are largely in line with pre-pandemic baselines. This indicates water customers have generally opted to access other support measures during the pandemic.
- The number of metropolitan customers on instalment plans increased slightly from 111,588 to 114,756 (a 2.8 per cent increase).
- The number of regional customers on instalment plans was tracking below the pre-pandemic baseline until the start of this year where there is an upward step change of 20.3 per cent, bringing the number in line with the pre-pandemic baseline. This step change is in large part due to Gippsland Water making a correction to its reporting. Before this year it reported just a subset of the total number of its customers on instalment plans and was unable to make corrections retrospectively.

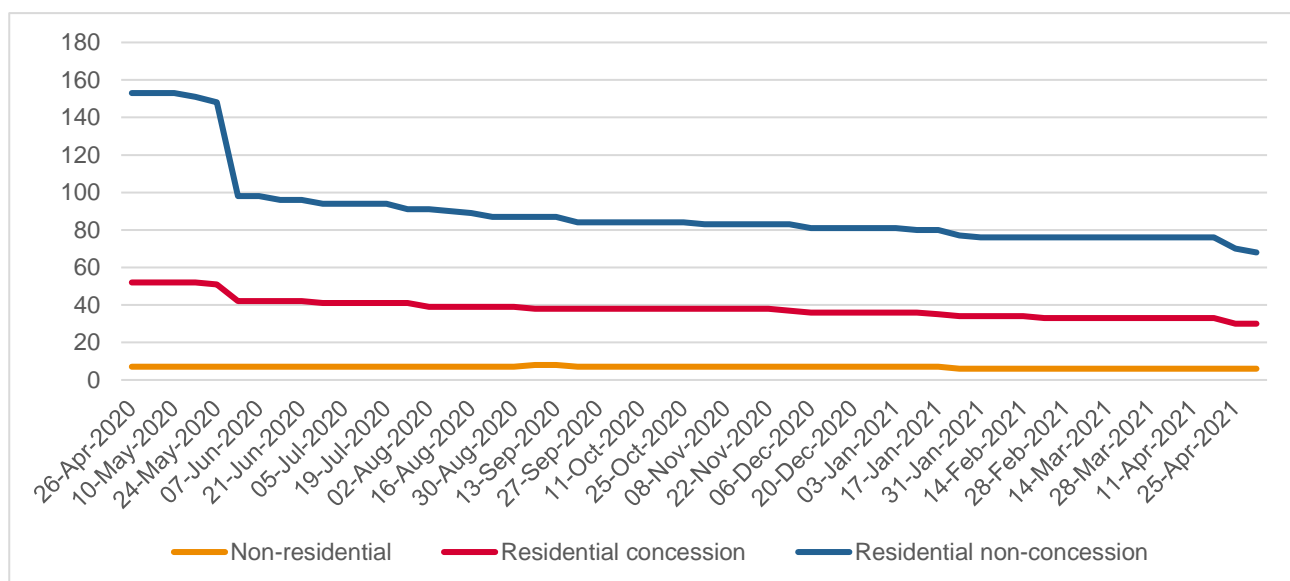
Customers on instalment plans at end of April 2021 (comparison to end of May 2020)

State:  10.1% Metro:  5.4% Regional:  24.5%



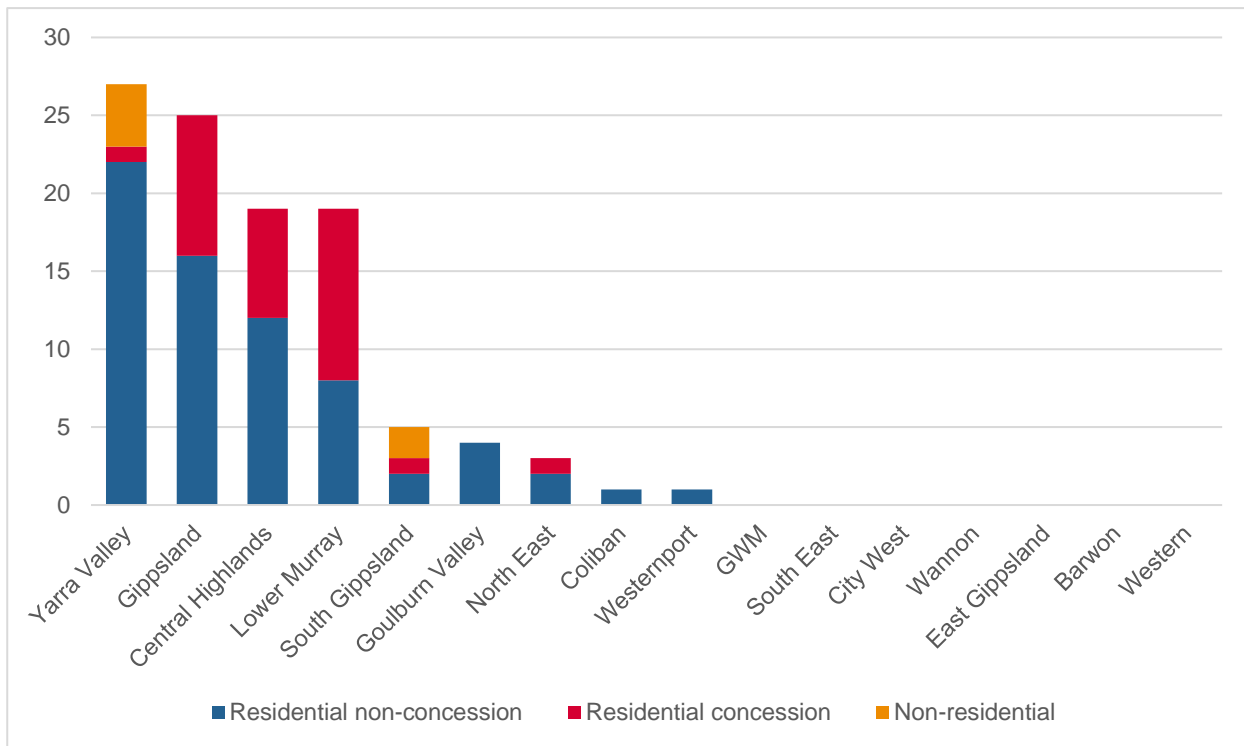
- While still largely in line with the pre-pandemic baseline, statewide the proportion of customers on instalment plans has increased at the end of April 2021 compared to the end of May 2020.
- East Gippsland Water continues to have the smallest proportion of customers on instalment plans (196.3 per 10,000 customers).
- Western Water continues to have the largest proportion of customers on instalment plans followed closely by Gippsland Water – both had more than 1 in 10 customers on an instalment plan at the end of April this year.
- Gippsland Water also had the largest percentage increase in customers on instalment plans since the end of May last year (increasing by 757.4 per cent), again noting that this large increase is due mostly to an underreporting issue that Gippsland Water corrected at the start of this year, but was unable to correct retrospectively.
- Central Highlands Water and Goulburn Valley Water had decreases of over 30 per cent in customers on instalment plans compared to the end of May 2020, the largest decreases in the state.

Number of customer water restrictions in place at end of week



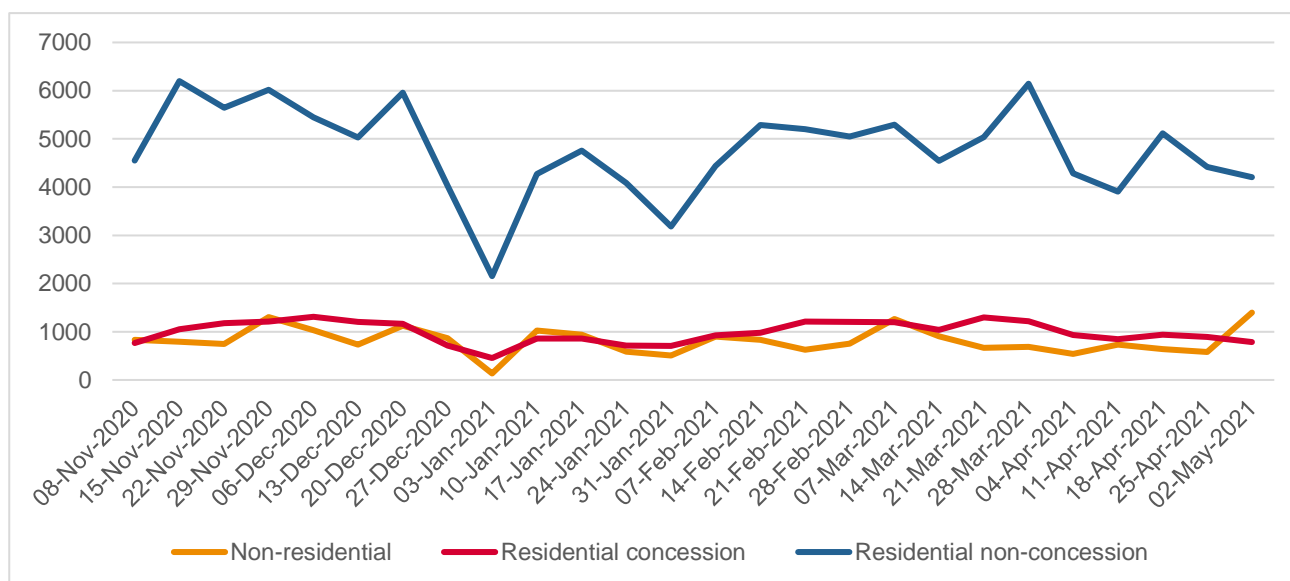
- Water businesses stopped installing new water supply restrictions for unpaid bills by at least late April last year.
- The total number of restrictions in place across the state has decreased from 212 to 104.
- The large decrease in residential customer restrictions in late May 2020 is due to Barwon Water lifting all 58 of its remaining restrictions at once.
- Water businesses voluntarily stopped restrictions in the early stages of the pandemic in recognition of the impact of the pandemic on the community and in line with the National Cabinet agreed principles for hardship support during the pandemic. In late August last year, we amended our customer service codes to include these principles to ensure consistent customer support across the water sector.
- As at the start of May this year there were 6 non-residential, 30 residential concession and 68 residential non-concession restrictions still in place.

Current number of customer water restrictions in place



- Seven businesses (GWMWater, South East Water, City West Water, Wannon Water, East Gippsland Water, Barwon Water and Western Water) have removed all restrictions, the same number since the end of August 2020.
- Yarra Valley Water, Gippsland Water, Central Highlands Water, Lower Murray Water, North East Water and South Gippsland Water still have restrictions in place for at least one residential concession customer. This is unchanged since August 2020.
- During our third and fourth round of interviews with Victorian water businesses, we were informed that the remaining residential restrictions are largely placed on vacant properties and properties with water leaks, usually at the property owner's request.

Number of customers granted a payment extension in the week³

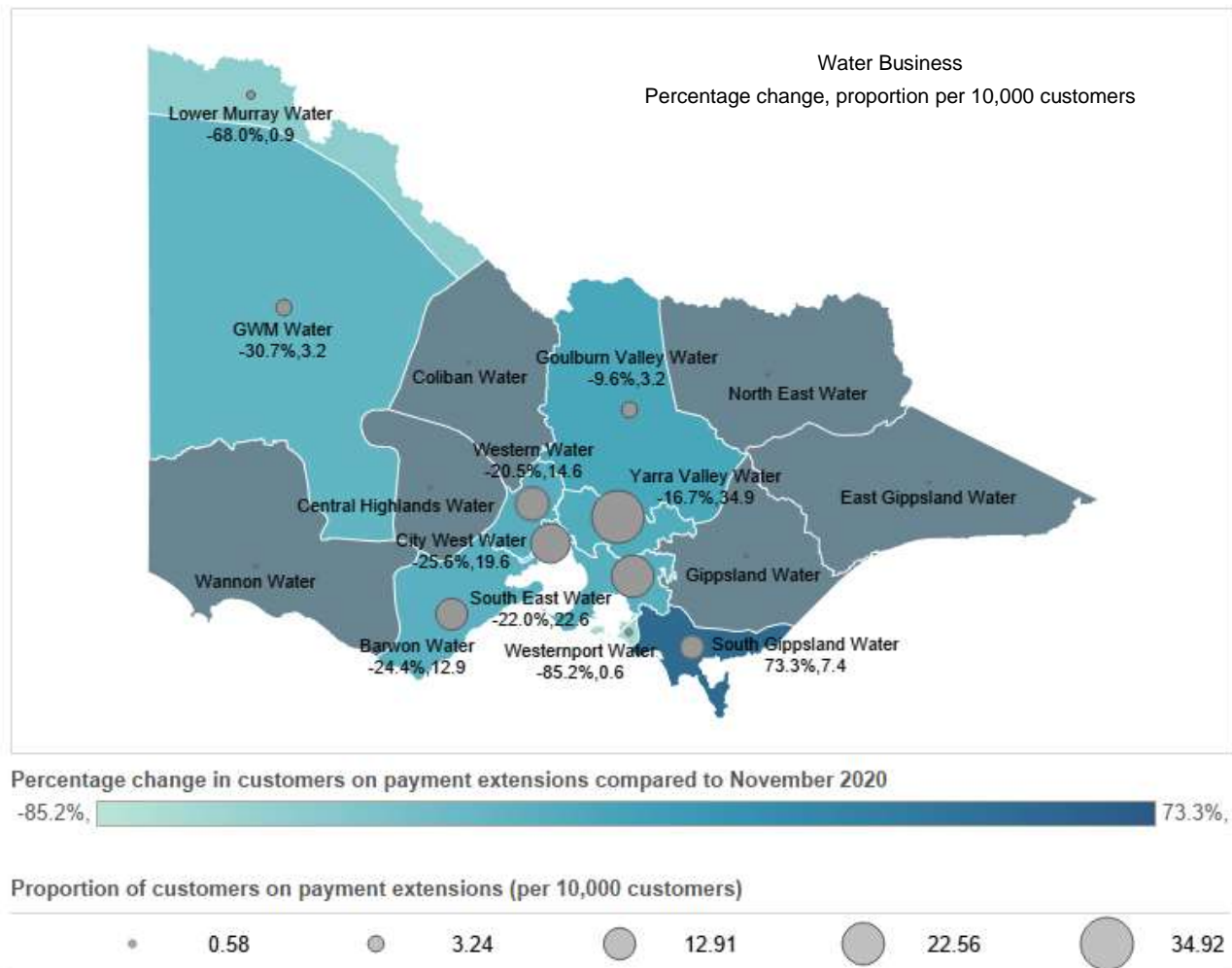


- We introduced reporting on payment extensions in November last year in response to feedback from some water businesses that told us it is a useful indicator, particularly with the prolonged duration of the pandemic. We require metropolitan businesses and Western Water to provide data on this indicator, but it is voluntary for regional businesses.
- Since November, the number of payment extensions granted has fluctuated week to week for the businesses that provided us with data for this measure.⁴
- On average, there are 6,579 payment extensions granted each week – 813 granted to non-residential customers, 987 to residential concession customers and 6,579 to residential non-concession customers.
- Since November 2020, the highest number of extensions granted in a week was 8,451 in the week ending 29 November 2020, the week after the strictest coronavirus restrictions were relaxed in Melbourne.
- The lowest number of extensions granted in a week was 2,739 in the week ending 3 January 2021, which aligns with the Christmas and New Year’s Eve holiday period.
- In total there were 234 more extensions granted at the start of May this year compared to the start of November last year.

³ Note that payment extensions data collection commenced at a later date, so this report shows data from November 2020 to April 2021 for payment extensions for metros and those regional businesses choosing to provide data (providing data on this indicator was optional for regional businesses).

⁴ For regional water corporations, we specified that it was optional to provide data on this indicator. Coliban Water, Central Highlands Water, East Gippsland Water, Gippsland Water, North East Water and Wannon Water, all did not provide data on this indicator.

Weekly average payment extensions granted in April 2021 (comparison to November 2020 average)



- For the businesses that provide us with data on this measure, there were more payment extensions granted each week on average in November 2020 compared to April 2021.
- Yarra Valley Water had the highest proportion of customers granted payment extensions in April 2021 (34.9 customers per 10,000 customers), followed by South East Water (22.6 customers per 10,000 customers) and City West Water (19.6 customers per 10,000 customers).
- Westernport Water had the lowest proportion of customers granted extensions each week (0.6 customers per 10,000 customers) and also had the largest percentage decrease in the number of customers granted extensions when compared to November 2020 (an 85.2 per cent decrease).
- South Gippsland Water had the highest percentage increase (a 73.3 per cent increase) since November 2020.

About the data: Since 26 April 2020, each week Victorian urban water businesses provide us with data on the indicators presented in this report. The data is not audited and represents a small subset of the annual data that is included in our annual water performance report.

Throughout the course of the 12 months we have collected this data, there has been some weeks where one or two businesses have not been able to provide complete data for every indicator. On these occasions we have employed our best estimate, based on previous data the businesses have reported to us.

The baselines show a typical weekly figure for the measure which we calculated using available data reported to us in previous years as part of normal annual performance reporting.

These baselines can be viewed as pre-pandemic norms and serve as a comparison to the current weekly reported data. Our methodologies for calculating these historical baselines are outlined in Appendix A.

Appendix A: Baseline calculations – reference point for comparison with current data

Since late April 2020, we have been collecting weekly data from water businesses on several measures to understand how businesses are supporting customers during the coronavirus pandemic.

To compare the current weekly reported data with pre-pandemic norms, we have established a typical weekly figure for each of these measures using available data previously reported to us as part of normal annual performance reporting.

This allows a better understanding of the effect of the pandemic on each of these hardship support measures.

Our methodology used to establish the baseline for each measure is set out below.

Customer applications for utility relief grants

This is a well-established measure, traditionally reported to us in annual KPI data as a total annual number of grant applications submitted to government.

To derive a historical baseline for the number of customers applying for the utility relief grant per week, we have:

- used the annual reported figure for the last four years
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- converted this to an average weekly rate across those four years.

Customers on instalment plans

For the last three years, businesses reported the number of instalment plans in place as at 30 June each year. This measure is effectively the same as our weekly snapshot “point-in-time” reporting. Prior to this time, we collected the total number of instalment plans entered into during a year, which is not comparable to our weekly ‘point in time’ reporting.

To derive a historical baseline for the number of instalment plans in place at a point in time, we have:

- used the 30 June figure reported to us for the last three years (since the definition changed)
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- taken an average of the normalised figures over the three years.

Customers awarded hardship grants

This is a well-established measure, traditionally reported to us in annual KPI data as a total annual number of customers awarded hardship grants by the water business.

To derive a historical baseline for the number of customers awarded hardship grants per week, we have:

- used the annual reported figure for the last four years
- normalised these values to reflect the 2018-19 customer base for each business to account for customer growth
- converted this to an average weekly rate across those four years.

Customers in hardship programs

This is not a previously established measure, so we have no historical data to provide a robust pre-pandemic baseline reference.

Our reporting on this measure is therefore limited to showing comparisons and trends since we started collecting this data from the week ending 26 April 2020.

Customers granted payment extensions

This is not a previously established measure, so we have no historical data to provide a robust pre-pandemic baseline reference. Additionally, this measure was introduced later than the rest of the measures and we did not make it compulsory for regional business to provide data.

Our reporting on this measure is therefore limited to showing comparisons and trends since we started collecting the majority of businesses' data from the week ending 8 November 2020.